PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 483 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2007–2008

COMPRISING PERIOD
17 November 2008—26 November 2008

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17 November 2008

THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SEVENTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES VOLUME 483

SEVENTEENTH VOLUME OF SESSION 2007-2008

House of Commons

Monday 17 November 2008

The House met at half-past Two o'clock

PRAYERS

[Mr. Speaker *in the Chair*]

Oral Answers to Questions

CHILDREN, SCHOOLS AND FAMILIES

The Secretary of State was asked—

Sex and Relationships Education

1. **Dr. John Pugh** (Southport) (LD): What assessment he has made of the effectiveness of school teaching on sex and relationships. [235753]

The Minister for Schools and Learners (Jim Knight): The review of sex and relationships education has now been completed and the Government response to the review group's report was published on 23 October. The response includes a range of measures to raise the quality of SRE in schools, including our decision to make personal, social and health education statutory. It also includes action to address the key delivery challenges, the most significant of which is to improve the skills and confidence of those who deliver SRE.

Dr. Pugh: I thank the Minister for that answer. This is a complex and important matter, on which the evidence is quite mixed. Does he share my view, based on some experiences, that many modern schools are more comfortable teaching about biology and the plumbing and, rightly or wrongly, experience more difficulty in teaching about relationships? What can be done practically to prevent lop-sided education from being given to children?

Jim Knight: I agree with the hon. Gentleman that it is important that young people are taught about sex within a moral framework and within one that teaches about relationships. That is one reason why I was persuaded by the arguments of the review group that we should make PSHE statutory. In primary schools, the focus should particularly be on relationships and their importance so that there is a proper setting for going on to talk about the sensitive matters around sex.

Mr. David S. Borrow (South Ribble) (Lab): Does my right hon. Friend agree that there is a place in sex and relationships education for teaching about sexually transmitted diseases, particularly for ensuring that young people get a realistic and accurate appraisal of HIV/AIDS and its consequences?

Jim Knight: My hon. Friend is right that the subject of sexually transmitted diseases should be covered as part of sex and relationships education, on an age-appropriate basis, which currently means from secondary school age. It is compulsory for young people to learn about HIV/AIDS, and I am sure that that will continue to be the case.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Minister not accept that many parents—and, indeed, grandparents—of primary school children are extremely concerned that this should become statutory? They believe that the right place for children to be taught these things is in the home—and, in some cases, a church—and they do not want the mechanics of sex taught at a very early age and to see the further destruction of childhood innocence.

Jim Knight: I have always made it clear—I am grateful to the hon. Gentleman for giving me the opportunity to make it clear again—that we are not proposing that five, six and seven-year-olds should be taught the mechanics of sex. We are suggesting that they should be taught about relationships, as I mentioned in response to the question of the hon. Member for Southport (Dr. Pugh).

The hon. Gentleman is right that parents should be involved with the school in making decisions about what should be taught and when. It is very important that parents are properly engaged and that much of this education takes place at home, but we have to take account of the fact that on some occasions some children are not taught these things at home, so we need to able to fill in for that absence, in school.

David Taylor (North-West Leicestershire) (Lab/Co-op): As well as dealing in school with sexual relationships, we need to look at general and social relationships with adults. Has the Minister had the chance to look at the details of the Barnardo's survey of 2,021 people, which shows that 54 per cent. of adults believe that children are starting to behave like animals and that 45 per cent. believe that children merit the adjective "feral"? Unless the survey was drawn entirely from the *Daily Mail* readership, can the Minister think of any other reason for such a distorted view of young people in this country?

Jim Knight: I am aware of that report and the reporting of it in the media today, but I have not had a chance to study it in full because of preparation for consideration of Lords amendments later today. I share the concern that I think was expressed by Martin Narey, the chief executive of Barnardo's. In my experience—there is considerable evidence to prove it—the vast majority of young people are responsible: they are more likely than any other age group, for example, to volunteer in our communities. We should do everything that we can to ensure that we provide positive images of young people to counteract the stereotype that sometimes comes across from certain parts of the media.

Philip Davies (Shipley) (Con): Does the Minister not accept that the more sex education we seem to have had, the more unwanted and teenage pregnancies we seem to have had, and that more sex education is not the answer and that perhaps less or even no sex education might be better? Moral upbringing should be the responsibility of parents, not teachers, and if we really want to tackle this problem it would be much better to look at the benefits and housing allocation systems than throw in more sex education for pupils in schools.

Jim Knight: I am pleased to note from the expressions on the faces opposite that the hon. Gentleman's comments do not reflect the opinion of his party's Front Bench.

All the international evidence that we examined suggests that the opposite is the case. The number of unwanted teenage pregnancies fell by 12.9 per cent. in this country between 1998 and 2006, but it is still too high in comparison with the numbers in other western European countries. In European countries that create, through schooling, an environment that makes people happier and more confident about discussing sex and relationships at home, we see the rates of unwanted teenage pregnancies fall.

Sports and Arts Participation

2. **Judy Mallaber** (Amber Valley) (Lab): What progress has been made towards implementing the Government's strategy to increase school sports and arts participation; and if he will make a statement. [235754]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): Since the introduction of the national strategy for physical education and sport, the percentage of pupils engaging in two hours of high-quality PE and sport each week has risen from an estimated 25 per cent. in 2002 to 90 per cent. in 2008. We are investing £332 million to 2011 specifically to increase music participation. Building on that, the Find Your Talent programme will trial ways of providing five hours of arts and cultural experiences in and out of school.

Judy Mallaber: Amber Valley has an outstanding sports development and leadership programme, including holiday programmes working with schools and even a mini-Olympics. The arts officers also do excellent innovative work with schools. Will my hon. Friend ask Amber Valley council to think again about whether it can possibly meet the sport and arts participation targets if it persists in its current plans for everyone in sport, arts and health development posts to be made redundant?

Sarah McCarthy-Fry: I know that my hon. Friend is an ardent advocate of the good work being done in her constituency, particularly on sports development, sports leadership and arts and cultural events. It is of course for a local authority to decide how to allocate its budget, but I hope that that local authority will find ways of meeting the national targets that it is expected to meet, using the posts designed to meet them within its budget.

Dan Rogerson (North Cornwall) (LD): Facilities—as well as excellent teaching, of course—are crucial to delivering the targets. St. Tudy school in my constituency has been given a grant to fund a new school building, but it now faces a shortfall. Were it able to complete the project, it would have a proper school hall and outside facilities for the first time. Will the Minister or one of her colleagues agree to meet me to discuss how the funding shortfall might be overcome?

Sarah McCarthy-Fry: I am pleased that there is to be a new school in the hon. Gentleman's constituency. It is important for new schools to have a broad range of facilities, but it is for local authorities to use the funds at their disposal to meet the national strategies that we have established and to deliver our requirement for school sports.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will my hon. Friend join me in congratulating Wright Robinson specialist college, a sport and arts college in my constituency where a £47 million project was opened two months ago by the Prime Minister, on its fantastic achievement as most improved school of the year? Will she also note the wonderful artwork at Acacias community primary school, also in my constituency, which was shown when the school celebrated its centenary earlier this month? We have seen wonderful demonstrations of the talent and innovativeness of children throughout the country, but especially in my constituency.

Sarah McCarthy-Fry: I congratulate my right hon. Friend on the good work being done in his constituency. It demonstrates that both sport and arts can play their part in developing a rounded education for young people and giving them different activities in which to participate, especially at specialist sports colleges. Ten per cent. of secondary schools are now specialist sports colleges. We recognise that sport is an excellent way of involving young people involved in education, and we expect the Olympics to enthuse even more of them.

Angela Watkinson (Upminster) (Con): Dance involves both physical activity and artistic benefits. What will the Minister do to make dance opportunities more widely available in our schools?

Sarah McCarthy-Fry: We intend to enable specialist dance colleges to work with other schools. I agree with the hon. Lady that dance is an excellent way of involving young people. One of the main problems with sport in schools is getting girls involved, and dance is an excellent way of getting them involved when they may not feel quite so keen on other forms of physical activity.

Derek Twigg (Halton) (Lab): In my constituency, there has been a massive increase in sporting facilities in schools over the past 10 years. Participation is important and any increase is to be welcomed, but what is the Department doing to make sure we have more competitive sport, as competitiveness in schools is very important in improving our chances of success later on in various sports?

Sarah McCarthy-Fry: I assure my hon. Friend that we are encouraging competitive sport in schools. We have a national network of 225 competition managers working in partnership with schools, alongside national school sport week and, of course, our UK school games.

Mr. David Evennett (Bexleyheath and Crayford) (Con): I noted the Minister's original response, but is she not concerned that participation in sport among older children and teenagers is particularly low? Only 67 per cent. of pupils in year 10 and 63 per cent. in year 11 participate in the two hours of physical activity each week. What more can be done to encourage them to participate more?

Sarah McCarthy-Fry: It is important to recognise that there is a huge increase in the number of young people of all ages doing sport compared with six years ago when we first started this programme. There is a particular issue with pupils at key stage 4, and there is pressure on the curriculum, particularly when pupils are doing their GCSEs. We should note, however, that, overall, participation has risen among those pupils and that they have also achieved better GCSE results—so these aims are not actually in competition with each other.

Youth Crime Action Plan

4. **Natascha Engel** (North-East Derbyshire) (Lab): Which local authorities are to receive additional funding through the youth crime action plan. [235758]

The Secretary of State for Children, Schools and Families (Ed Balls): The youth crime action plan sets out the Government's triple-track approach of tough enforcement, non-negotiable support and early intervention. We have committed £100 million to implement the plan, starting in 69 local authorities and, by 2010, all local authorities will have received a share of the additional funding.

Natascha Engel: I thank my right hon. Friend for that answer, but can he reassure me that as much is being done to promote positive images of young people as to deal with youth crime, particularly in the light of the Barnardo's report published today, which revealed that an alarming number of adults described young people and children as "feral" animals, with some even suggesting that teenagers should be shot?

Ed Balls: My hon. Friend has been a great campaigner for youth services and a positive view of young people. We must remember that it is often young people who are the victims of crime. It is important that a small minority are not allowed to ruin things for the vast majority of our young people, who are not only law abiding but wonderful examples of volunteering, working hard and doing best by their communities. It is important that we celebrate young people, but we must not let the minority ruin it for everybody else.

Mr. David Burrowes (Enfield, Southgate) (Con): I understand from the Government's press release that they selected the first tranche of 69 local authorities to be funded by using

"a variety of data to help best focus resources on priority areas."

May I give the Secretary of State some data? In the last year, seven young people have died in the borough of Enfield from knife crime. Is that not a sufficient number of wasted lives for it to be considered a priority for funding?

Ed Balls: As I said, every local authority will be receiving funding over the next three years, but we have started the funding in those areas where levels of crime, truancy and deprivation were highest. We will make sure that this happens in every part of country, because no community should be blighted by youth crime or the kind of terrible issues that the hon. Gentleman raised. It is important that in every part of the country we focus on preventing crime through the kind of early intervention set out in the children's plan; that matters in Enfield as in every part of the country.

Fiona Mactaggart (Slough) (Lab): I strongly welcome the emphasis on early intervention as part of an anti-crime initiative, as well as positive activities for young people, but may I ask the Secretary of State to ensure that we have long-term research to find out just how powerful the impact of early intervention is? The High/Scope Perry project in America did not reveal how effective it was until about 30 years after the early-years intervention, when it could show that those young people were less likely to end up in prison and were more likely to go to university than their peers.

Ed Balls: It is vital that we have such evidence, but we already know that children with a special educational need, and those in care or with a parent or sibling who has spent some time in prison, are much more likely themselves to end up getting into trouble with the law. Given that we know that, we should be intervening early to make sure those children get extra support, starting in primary school. That is the right way to support them and their families, and to keep young people and our children on the right track.

Autism

5. **Mr. Gordon Marsden** (Blackpool, South) (Lab): What guidance his Department plans to issue to children's trusts on the provision of an all-round regime of support for young people with autism up to the age of 16 years. [235759]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): The Department is planning to issue revised statutory guidance to children's trusts in November. The guidance is intended to explain what a children's trust is and what it needs to do to improve outcomes for all children. Children's trusts also have available to them the autism exemplar that we published in 2004 under the national service framework, which shows how multi-agency support should be provided to meet these children's needs.

Mr. Marsden: I thank the Minister for that answer. Her Department has supported the Autism Education Trust, which has just published a major report on the joint experience of families and schools in this area. The Department has done a great deal to support education and training in respect of autism, but will she carefully examine that report to see what more can be done to strengthen support on the social service side of children's trusts, as well as the educational side?

Sarah McCarthy-Fry: I commend my hon. Friend's work in the field of autism. I have seen many examples of it, and I know that he works very hard in his constituency. I am also aware of Blackpool's good reputation; it is represented on our autism working group and provides a good example of work as part of a multi-agency approach. We will certainly keep in touch to see whether lessons can be learned from that. I emphasise that the multi-agency approach, which includes all people who are involved with children with autism, is part of the principle of children's trusts. As I said, they are not just for children with autism, but for all children.

Mr. Richard Benyon (Newbury) (Con): It is too easy to forget the contribution that parents of children with autism make, and I cannot speak highly enough of the parents who set up the Spectrum club in Newbury. However, it runs only up to the age of 15 for children with autism, and it is trying to work with West Berkshire council to extend provision to cover the crucial years between 15 and 18. I would be grateful to know what the Minister can do to encourage provision in this key area, so that these children can continue to improve so dramatically that they can go on to achieve at university and beyond.

Sarah McCarthy-Fry: I entirely agree that we should be examining the transition to adulthood, particularly for young people with autism. The hon. Gentleman may be aware that in May the Department of Health announced the development of an autism strategy for adults and the transition to adulthood, and we shortly expect the outcome of the tendering for that. I agree that this is vital, because it is no good training children through school if we then do not manage the crucial transition stage of getting them on to further education and eventual employment.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I realise that my hon. Friend has not been in her position for very long, but will she send a message to the whole of the Front-Bench team to stop shilly-shallying on this matter? We want more action. The Select Committee produced a report on special educational needs well over two years ago, and we expect faster improvement and sharper movement than has taken place, especially on what happens to children with a special educational need, particularly autism, post-16—the hon. Member for Newbury (Mr. Benyon) mentioned that. That age, 16-plus, is still a very dangerous and difficult time for children with special educational needs and their parents, and it is about time the Government pulled their finger out and did something.

Sarah McCarthy-Fry: I take on board my hon. Friend's comments, but it is important that we get it right—getting it right is more important than rushing in with something that might not do that. As I said to the hon. Member for Newbury (Mr. Benyon), this age is crucial for adulthood. It is part of our children's plan, and the Lamb review is examining innovative ways in which parents can be involved in the progress made by their children with autism, particularly during that crucial transition period.

Tim Loughton (East Worthing and Shoreham) (Con): Over the past 10 years, the number of special educational needs statements has fallen by more than a third while the number of appeals to SEN tribunals has, not surprisingly, doubled. More than a quarter of such appeals are for children who have autism. Would it not be a better start to providing support for children with autism if in place of highly adversarial, costly and stressful tribunal referrals, the Government instead promoted special needs mediation, involving parents, local authorities, independent educational psychologists and other professionals, in order to come up with agreed educational needs profile plans to help the children most and soonest by providing multi-agency support, not multi-agency buck-passing?

Sarah McCarthy-Fry: I assure the hon. Gentleman that we certainly recognise the difficulties that parents have finding a way through the statementing process and addressing the special educational needs of their children. That is why we have commissioned the Lamb review. There are 10 innovative projects finding different ways to involve parents so that they have confidence in the system. We will review the outcome of those pilots to find best practice and what gives parents confidence, because that is the key to the problem.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Will the Minister instruct the new children's trusts to take good notice of those institutions that have been very successful in dealing with children with autism, such as Baskerville school in my constituency? The danger is that they will try to reinvent the wheel, instead of turning to those who have had experience of doing well.

Sarah McCarthy-Fry: It is important that we learn lessons of best practice, and that is what we are trying to do. We certainly have no intention of trying to reinvent the wheel, but it is important to listen to parents who tell us what the best practice is for their children. We are facilitating parents' groups, for parents of children with special educational needs and disabilities, so that they can share information among themselves. It is really important to use examples of best practice and see how we can disseminate them around the country.

Sure Start

6. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): How many Sure Start children's centres have been opened in Milton Keynes since the initiation of the scheme. [235760]

The Minister for Children, Young People and Families (Beverley Hughes): There are 13 designated Sure Start children's centres in Milton Keynes, offering services to approximately 9,000 children aged under five and their families. The Government have allocated £14.7 million in capital and revenue funding to Milton Keynes in this spending review period to support existing centres and to develop a further seven centres by 2010 in order to achieve universal coverage for every single child.

Dr. Starkey: I thank the Minister for that reply. The parents in my constituency who use children's centres know subjectively from their own experience how valuable the centres are. Does the Minister have any objective evidence of the value of children's centres generally, and can she comment on what would be lost if their funding were to be withdrawn?

Beverley Hughes: I thank my hon. Friend for her close interest in the development of children's centres, especially in her constituency. There is objective evidence from the national evaluation report on Sure Start. The latest report in March this year shows that children in Sure Start centre areas are benefiting significantly in some crucial areas compared with those who live in an area without a centre. The 2008 foundation stage profile results for this year also show that more five-year-olds are achieving a good level of development. Crucially, the gap between the lowest achieving 20 per cent. of children and the rest is beginning to close.

In Milton Keynes specifically, 53 per cent. of children have achieved a good level of development, compared with 48 per cent. last year. The gap between the lowest 20 per cent. and the rest has closed from 37.7 percentage points to 32. 5 percentage points in 2008. That suggests—as my hon. Friend implies—that the children's centre programme is essential for the well-being of children and families and would be sorely missed were it not to continue.

Mrs. Maria Miller (Basingstoke) (Con): I listened carefully to the Minister's reply and found it disappointing that she chose not to say what the Government will do in response to the report in *The Lancet* last week, which yet again showed that Sure Start is failing to hit half of its targets. Most worryingly, for children and families from an ethnic minority background, some of its impact is still negative. Would it not be better if the Government were to listen to all of the research, so that we can have a proper debate on all the facts and ensure that Sure Start becomes the success that it needs to be for every family in this country?

Beverley Hughes: *The Lancet* article simply rehearsed some of the findings in the national evaluation report in March to which I have just referred. It said that in five of the 14 areas there is now evidence of significant difference between children in Sure Start areas and others. Those crucial areas include the children's social development, behaviour and independence, the parents' ability to parent, the home environment and the use of services. In the other seven areas there is no statistically significant difference at the moment, but we are on a 10-year journey and we are continuing constantly to improve quality. I have no doubt that in time all those measures will show a significant positive difference in Sure Start areas.

Mr. David Chaytor (Bury, North) (Lab): I thank the Minister for her recent visit to my constituency to see the work in progress at Broad Oak high school, which is the most recent high school to have a children's centre located on site. In view of the remarkable achievements of children's centres and their great popularity with parents, will she tell the House whether there is now cross-party consensus on the future development and funding of children's homes?

Beverley Hughes: That is a very interesting question, which I am not qualified to answer. Only last week, I was with the hon. Member for Basingstoke (Mrs. Miller) and, in front of an audience of children's organisations and academics concerned about children, she wanted to scotch the myth that the Conservative party is not in favour of Sure Start children's centres. She gave her assurance that it was, but we saw today that she has reverted to her default position of trying to undermine Sure Start at every opportunity.

Life Skills

7. **Mr. Graham Allen** (Nottingham, North) (Lab): If he will take steps to improve the teaching of life skills to pupils between the ages of 11 and 16 years in deprived areas; and if he will make a statement. [235762]

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): Personal, learning and thinking skills are embedded throughout the new secondary curriculum, which schools are encouraged to tailor to local circumstances and the needs of all pupils. Through PSHE, young people develop the social and emotional skills to make safe and healthy choices. On 23 October we announced our intention to make PSHE statutory, underlining our commitment to improving those skills among young people.

Mr. Allen: Does the Minister accept that although teenage pregnancy is a serious problem it is only a symptom of a much broader problem? Young people, particularly in deprived constituencies such as mine, do not have the right social and emotional aspects of learning that will enable them to make the right decisions in a number of fields, leading to teenage pregnancy, antisocial behaviour and lack of educational attainment.

Will she work closely with the Department of Health to continue the great work on teenage pregnancy, and also look beyond contraception towards early intervention so that we can reach the minds of those young people when they are aged 11 to 16 and they can be enabled to make the right choices in their lives?

Sarah McCarthy-Fry: I know that my hon. Friend has worked hard in his area to tackle that issue. At the weekend, I viewed a DVD that has been made by young teenage mums in Nottingham. Without exception, they said that they would like to go back to the schools that they attended to tell young women not to make those choices—to tell them to use contraception and to learn how to use contraception. We have shown that effective delivery of local teenage pregnancy prevention significantly brings down rates, even in the deprived areas that my hon. Friend talks about. Our curriculum measures are in line with our recent decision to make PSHE compulsory. As we review the matter with Sir Alasdair Macdonald, we will certainly look at what we can include in those measures.

Mr. Graham Stuart (Beverley and Holderness) (Con): Does the Minister agree that life skills are best taught by parents backed by a full range of child-centred professionals? If she does agree, what is she doing to ensure that the work of school nurses is enhanced and not degraded?

Sarah McCarthy-Fry: I certainly have no intention of trying to degrade the work of school nurses. Of course, life skills are best taught by parents but it is obvious that in many cases young people do not have parents with the confidence or even the ability to teach those life skills. That is why we are looking at the PSHE curriculum in schools and looking at innovative ways in which to use that curriculum. As I have said, a review is taking place that will report next April, when we will be able to consider ways in which we should use the new statutory curriculum in order to deliver the skills that the hon. Gentleman is talking about.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does the Minister agree that if both life skills and parenting skills were taught better to adolescents in deprived areas we would see fewer incidents of child abuse? Given incidents of gross abuse, such as the baby P case, does the Minister agree that it is regrettable that not much more progress has been made on the Laming inquiry recommendation about making senior service managers more accountable? It is surprising to many of us that the director of social services in Haringey has not seen fit to tender her resignation.

Sarah McCarthy-Fry: We are well aware that there is an ongoing inquiry and investigation, and at this stage I do not want to comment on that in the House.

It is important that we talk to young people about parenting skills for mothers and fathers. One of the striking testimonies given by the young people in the DVD was that in all but one instance the teenage fathers of the babies did not hang around. All the young women said that it was important that those skills were taught in schools not just to young women but to young men as well.

Dr. Brian Iddon (Bolton, South-East) (Lab): Does my hon. Friend agree that it is extremely important that all of us engage in conversation with our primary or secondary schoolchildren so that they can learn about the elective processes and how we can help them in future should they require help, and that in return we should listen to their opinions and worries?

Sarah McCarthy-Fry: A lot of work is being done with youth councils and youth parliaments. It is important that we listen to the voice of young people. I was recently able to sit in on a meeting of young people from Derbyshire youth council, at which they expressed to me some of their hopes and concerns. It is important that we continue to listen to the voice of young people so that we and their teachers—and school nurses—can talk to them in a language they can understand.

Mr. Brian Jenkins (Tamworth) (Lab): I am pleased that my hon. Friend has brought families to the fore in the teaching of life skills. Does she recognise the need for more family and community education units? Children need to talk to their parents pre-11, and the approach of schools should be to the whole family, not the individual child.

Sarah McCarthy-Fry: I entirely agree that it is important to bring parents into the educational environment. With reference to the question about Sure Start centres answered by my right hon. Friend the Minister for Children, Young People and Families, we can get parents involved with children's centres and Sure Start to give them the confidence to bring up their children and answer their questions, bringing in those wider well-being and life skills right from the start.

Youth Facilities

9. **Rosie Cooper** (West Lancashire) (Lab): What plans he has for expenditure on youth facilities in West Lancashire over the next two years. [235764]

The Secretary of State for Children, Schools and Families (Ed Balls): My Department has allocated a total of £1.7 million to Lancashire county council through the youth capital fund for investment in youth facilities over the period 2008-11.

Rosie Cooper: Will my right hon. Friend comment on the impact of the youth opportunity fund and the youth capital fund across the country and in West Lancashire in particular?

Ed Balls: We are making real progress with many hundreds of thousands of young people benefiting from the investment made in recent years, but there is much more to do. I am sure that in my hon. Friend's constituency—as in all our constituencies—a common theme is that young people, adults and pensioners all say that we need more places for young people to go after school and at weekends and more things for them to do, so that they do not just hang around on the streets. We are investing that money to make sure that there are facilities for young people in constituencies across our country.

Ofsted Inspections

11. **Mr. Lindsay Hoyle** (Chorley) (Lab): What progress has been made in his Department's review of the conduct of Ofsted inspections; and if he will make a statement. [235766]

The Minister for Schools and Learners (Jim Knight): Ofsted has consulted on and is currently developing proposals for a more differentiated school inspection system, under which the frequency of inspections for good and outstanding schools will reduce.

Mr. Hoyle: I welcome that answer, because the question I would have posed was that it makes absolute nonsense that continuously well-performing schools have to be completely disrupted for two days but do not even have a proper inspection. Now that my right hon. Friend will be streamlining that part of the system, will he ensure that schools that continuously perform badly get extra help and assistance not just from Ofsted reports but with guidelines on where they can improve? We all want to see the lifting of school standards, not bashing well-performing schools over the head all the time.

Jim Knight: I am grateful to my hon. Friend for that, and I agree with much of what he says; it is important that Ofsted's inspections are risk based, and that we focus attention on schools that are not doing well enough. Under proposals on which Ofsted are consulting, it will increase the proportion of satisfactory schools that are sampled from 5 per cent. to 10 per cent., so that we can ensure that we keep an eye on them. Through programmes such as the national challenge, we are focusing a lot of resources—£400 million, in respect of that scheme—on improving the schools that need it most.

Mr. Simon Burns (West Chelmsford) (Con): Will the Minister suggest how we can ensure a seamless system of inspection, whereby we do not lose the benefits of inspection, but cause minimum disruption to schools prior to inspection?

Jim Knight: The direction of travel has been away from the long notice that used to be given to schools, which caused a lot of disruption and distorted behaviour, to short-term notice of less than a week. That minimises disruption but gives some preparation time. Ofsted proposes to pilot no-notice inspections in some circumstances, to see whether that can improve things further. However, those are matters for Ofsted, which is independent of the Department; it is a non-ministerial Government department, and it is up to Ofsted to make its decisions.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Does the Minister not recall that Ofsted now spends more than £400 million per annum on inspections? Frankly, many of the inspections are not helpful, and are carried out by people without the right experience for dealing with the schools they are inspecting. Could he not start to save some of that money by abolishing the post of the academies adviser, who has now gone off to the private sector to a fundamentalist education trust?

Jim Knight: As my hon. Friend knows, I hate to disagree with him, but I have every confidence in the job that Ofsted is doing. It has an enlarged brief; it is responsible for inspecting a wide range of settings, not just schools. That might explain why the cost of running Ofsted has gone up. Post-inspection surveys of head teachers show that 96 per cent. of schools agree that inspections identified the right issues for improvement, and 83 per cent. agree that the benefits of the inspection outweigh any negative aspects. The outgoing schools commissioner has not, to my knowledge, ever worked for Ofsted; he certainly does not do so at the moment, and it is not proposed that he should go on to do so.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The Minister just said that he has confidence in what Ofsted is doing, but Christine Gilbert, the chief inspector of schools, has said that improvement of standards in our schools has "stalled". Does the Minister agree?

Jim Knight: I certainly do not agree that standards have stalled in our schools. We will have to wait and see what the chief inspector of schools says in her annual report later this week about whether improvement in our schools has stalled.

CAFCASS

13. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet Children and Family Court Advisory and Support Service officials to discuss their work. [235768]

The Minister for Children, Young People and Families (Beverley Hughes): The Parliamentary Under-Secretary of State for Children, Schools and Families, Baroness Morgan of Drefelin, who has responsibility for children, young people and families, meets CAFCASS regularly, with the next meeting scheduled for December.

Mr. Bellingham: The Minister will be aware that CAFCASS reports often play a vital role in influencing court decisions, but is she aware that aggrieved parties have no right of complaint against CAFCASS, and that there appears to be little, if any, accountability? For example, I know of a case in which an aggrieved parent wrote a letter to his regional complaints manager on 9 January 2008, and eventually got an eight-line reply on 14 April 2008. Surely that is a disgrace. What does she plan to do to make CAFCASS more accountable?

Beverley Hughes: If the hon. Gentleman wants to send me details of that case, I will pass it on to my ministerial colleague, and I am sure that she will be happy to look into it. On the face of it, I agree that waiting three months for a reply is not acceptable. Having said that, in general terms, as a result of recent Ofsted reports, CAFCASS is undergoing a significant improvement programme. There is an issue to do with consistency of practice in different regions, and it is being addressed through the improvement programme. However, if the hon. Gentleman lets me have the details, I will do what I can to pursue the matter.

School Standards

14. **Mr. Jim Cunningham** (Coventry, South) (Lab): What recent steps the Government have taken to raise educational standards in schools. [235769]

The Minister for Schools and Learners (Jim Knight): Since 1997, school standards have risen substantially—I am sure that the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) is listening to this, because it refers to his previous question—thanks to a range of measures, including increased investment, excellent leadership and teaching, renewed primary and secondary teaching frameworks, better use of pupil data, and the targets that schools and local authorities have set for their pupils. The national challenge programme launched in June aims to raise standards in schools where fewer than 30 per cent. of pupils achieve five or more good GCSEs, including English and maths, and we have announced the next phase of our secondary school improvement strategy, "Gaining Ground: Improving progress in coasting secondary schools". There is no sign of complacency.

Mr. Cunningham: I thank my right hon. Friend for that answer, but what are schools doing to encourage more youngsters to go into vocational education, which, as I am sure he realises, opens up many doors for a lot of young people who are disadvantaged in life?

Jim Knight: My hon. Friend is right that we need to expand vocational education; that is why, through the publication of "World-class Apprenticeships", we are committed to expanding the uptake of apprenticeships. Our aspiration is that by 2020 one in five young people will be starting apprenticeships. In addition, by creating the diplomas, which are a rich mix of academic and vocational learning, we will provide a different pathway for people to get into vocational learning through their education.

Topical Questions

T1. [235778] **Mr. Philip Hollobone** (Kettering) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Children, Schools and Families (Ed Balls): The whole nation has been deeply shocked, appalled and angered by the tragic death of 17-month-old baby P. I know that Members across the whole House will have been contacted by constituents to express their revulsion that a small boy could suffer such abuse in this day and age, and their disbelief that this could happen again in Haringey.

Immediately following the legal verdict last Tuesday, I asked Lord Laming to report to me with an urgent assessment of how the reforms introduced following the Victoria Climbié inquiry are being implemented across the country. On Wednesday at 10 am, the Minister for Children, Young People and Families and I received the full serious case review. I was deeply disturbed both by the detail of the abuse suffered by baby P and by the failings of practice and management that it highlighted.

On Wednesday afternoon, and with the agreement of Haringey, I immediately arranged the secondment of the director of children's services in Hampshire, John Coughlan, to ensure that proper procedures for safeguarding children in Haringey are in place and being applied. I also asked our national inspectors—Ofsted, the Healthcare Commission and the chief inspector of constabulary—to conduct an urgent and thorough inspection of the safeguarding of children in Haringey and to report to me in two weeks' time. Mr. Coughlan began his work immediately last Thursday morning, and the work of the independent inspectors is under way. They will report to me by 1 December, and as soon as I have studied their findings I will publish Ofsted's report and the action we will take.

In addition, I met Lord Laming this morning to agree the scope of his review, which will cover the key features of good practice and whether they are being universally applied across the country; the key barriers, including in the legal process; and what specific actions need to be taken to accelerate systematic improvement across the country, including on the issue of the independence of local safeguarding children boards. I am placing copies of my letter to him in the Libraries of both Houses. Tomorrow, I will set out the legislation that we will introduce to strengthen local arrangements to promote the safety and well-being of children across the country through statutory children's trusts.

Professionals working with children in this country do a tough job, often in very difficult circumstances. However, where serious mistakes are made, there must be accountability, and I will not hesitate to act on the findings of the inquiry into what went wrong in Haringey and of Lord Laming's review. Our responsibility, working together, is to ensure that children are safe and protected from abuse, and we will not rest until we have the very best possible child protection arrangements to safeguard our most vulnerable children in every part of the country.

Mr. Hollobone *rose*—

Mr. Speaker: Order. I usually allow the Secretary of State an opening statement of one minute, but that was well over a minute. A statement should be questioned by the Opposition parties. I therefore expect that some time this week the Secretary of State will come to the House and allow the main Opposition parties to question him, as well as, of course, all Back Benchers who want the opportunity to do so.

Mr. Hollobone: On another subject, the ocarina is an easy-to-play, easy-to-learn, easy-to-teach circular flute, and the centre of the UK's ocarina industry is in Kettering. My constituents, David and Christa Liggins, actively promote the use of this low-cost musical instrument in schools across the country. Would the Secretary of State agree to meet my constituents and me to discuss how this low-cost instrument might help the Government to teach more school pupils how to play musical instruments?

Ed Balls: I have heard ocarinas played many times, and my ministerial colleague would be happy to arrange a meeting.

On the wider issue, Mr. Speaker, I am happy to answer questions at any time. I thought that it was important to update the House on my meeting with Lord Laming at the earliest opportunity.

Mr. Speaker: Of course it is important, but a ministerial statement is so important that it must immediately be followed by questions from Her Majesty's Opposition. We are not able to do that today, and I make that very clear indeed.

Michael Gove (Surrey Heath) (Con): The Secretary of State has rightly pointed out that after the Victoria Climbié tragedy, Haringey should have been an exemplar authority for child protection. I am sure that he will agree that the Government should show exemplary energy in pursuing concerns about child protection in Haringey. Six months before baby P died, Ministers received a warning letter from a former Haringey social worker. It was passed to the Commission for Social Care Inspection, which held a meeting in which Haringey council promised speedily to improve its policies on safeguarding children. Two weeks later, responsibility for inspecting child protection passed to Ofsted. What steps did Ministers, Ofsted or anyone in the Government take to ensure that Haringey lived up to its promise to improve child protection?

Ed Balls: I am grateful to the hon. Gentleman for his support for the review into Haringey social services that I instigated last Wednesday, and for giving me notice that he would raise the issue today. I sent him and other Opposition spokespeople a copy of my letter to Lord Laming.

A letter came from a lawyer for a former employee of Haringey, which went to the Department of Health. It was passed to the former Department for Education and Skills. It was not seen by Ministers. It was handled in the normal way through official channels. At that time, a reply was written to the lawyer to say that Ministers could not be involved in a particular employment case and that the right way to take the matter forward was through the social care inspectorate. That was done by the lawyer, and that process was followed up by a meeting in which the inspectorate confirmed that it was content that things had been done properly by Haringey in that case.

On the wider issue of Haringey social services, there was a review in 2006, and a further review by Ofsted in 2007, which gave a good report. It did not look at the particulars of the legal case; it looked at matters more widely. An investigation is now going on because I have sent the inspectors in. They will report to me in two weeks' time, and I will take whatever action is needed to ensure that children in Haringey are safe.

Michael Gove: I am sure that the Secretary of State appreciates that this is a question about the inspection regime. We know that in March the inspectors said that Haringey had to improve, and that in October Ofsted said that Haringey—and this was just after baby P had died—provides a good service for children. That report was based mainly on paperwork and desk research, and the author of that report was a former employee and colleague of the director of children's services in Haringey. Is the Secretary of State satisfied that the systems for inspecting child protection are sufficiently robust when that can happen?

Ed Balls: I very much welcome the opportunity to discuss these matters in more detail, as the House allows. The report in question was not authored by any colleague of the director of children's services in Haringey at all. She was not the author of that investigation. There was an investigation by CSCI into particular allegations; it was content that they had been dealt with properly and closed the case.

Separately from that case, following the 2006 inquiry into safeguarding in Haringey, there was a further, routine investigation in the autumn of 2007, which, as the hon. Gentleman said, gave a good report. It did not involve inspectors' reports and visits to Haringey—that was not the nature of the investigation. I have now called the inspectors into Haringey to see what needs to be done, and to see whether the issues that emerged from the serious case review are being properly implemented. I want to ensure that there is proper accountability and that we are doing whatever it takes to make sure that children in Haringey are safe. That is the right way to proceed. I will proceed in the right way, and we will ensure that everything is done to make sure that children in all parts of the country are being properly protected.

T3. [235780] **Phil Wilson** (Sedgefield) (Lab): I welcome the review by Lord Laming that the Secretary of State announced. Will my right hon. Friend assure the House that he will review the role of local safeguarding children boards? Does he believe that the chairs of such boards should be independent? Will the report also consider the way in which serious care reviews are conducted?

Ed Balls: On 22 October, we said that we would examine the operation of local safeguarding children boards, including independence and the conduct of serious case reviews. Evidence from the Ofsted reports in June shows inadequacies in some case reviews around the country. In my letter today, I have asked Lord Laming to consider both how to improve serious case reviews and the independence of those boards' chairs. In my view and that of the children's Minister, independence is a better way of proceeding. If we need to change guidance or the law to achieve that, we will do so on the basis of Lord Laming's recommendations.

Mr. David Laws (Yeovil) (LD): We obviously welcome the current investigation into the tragic events in Haringey. However, is not it already obvious from the evidence in the public domain that an inquiry that takes place over a period of just two weeks will be inadequate in getting to the bottom of the issues? Is not it clear that we need a public inquiry to establish exactly what happened in Haringey and why the lessons of the 2003 report have not been learned?

Ed Balls: I asked for an urgent inspection from Ofsted, the Healthcare Commission and the constabulary. I said that "urgent" meant that I had to have a first report in two weeks. If they judge that they need more time to prepare a second report, that is fine, but I want action in two weeks and that is why I have set the timetable. The right thing to do is to examine what happened—the management failures, the problems of process and how that led to the wrong judgment, it seems, being made about the safety of the child. As I said, I am going to do that properly. I will wait for the inspectors and then act on the basis of their first report, which will come to me on 1 December.

T5. [235782] **Andrew Gwynne** (Denton and Reddish) (Lab): Use of the internet, e-mail and text messaging to bully others is, sadly, on the increase. As this week is national anti-bullying week, what more can the Government do with schools and youth services to ensure that the message is clear that bullying, whatever form it takes, is not acceptable?

Ed Balls: The important thing is that, in every school, parents, teachers, children and young people need to work together to say that bullying is wrong, that it will not be tolerated and that we will do everything we can to ensure that it does not happen. Furthermore, we are announcing today funding to extend the Diana award for two more years so that children and young people who do that work in their communities are properly recognised for their important contribution to the safety and well-being of children in our schools.

T2. [235779] **Bob Russell** (Colchester) (LD): The Secretary of State is aware of proposals from Chelmsford-based Essex county council to shut two secondary schools in my constituency. If Colchester borough council comes forward with its own option, will the Secretary of State or a member of his ministerial team agree to meet a delegation from Colchester? Will he give that view the same consideration as whatever emerges as the Tory council's preferred option?

The Minister for Schools and Learners (Jim Knight): Thanks to the hon. Gentleman, the issues in Colchester are never far from my mind, and I am grateful to him for passing on clippings from the *Gazette*. He knows that we need to change in Colchester to improve standards and that Essex county council, the Chelmsford-based organisation to which he referred, will make the organisational decisions. On that basis, if he considers it worth while, I am happy—as ever—to have another meeting with him.

T7. [235784] **Kerry McCarthy** (Bristol, East) (Lab): When the Secretary of State last visited Bristol, we met the seven heads of the local authority national challenge schools. Does my right hon. Friend agree that it is even more important in times of economic downturn to produce children with decent qualifications and skills? What does he think that the national challenge will help to achieve to that end?

Ed Balls: As my hon. Friend will know, we have already agreed the plans for Bristol, which will involve a further academy, bringing the number up to, I believe, eight in Bristol, and a further £500,000 of funding, to ensure that every child receives the support they need and that all schools are helped to get above our basic benchmark. We will achieve a goal that would have been impossible to contemplate 10 years ago, which is that every school in every community, for every parent and every child, will be a good school. That is our progressive commitment.

T4. [235781] **Miss Anne McIntosh** (Vale of York) (Con): Will the Secretary of State share with the House what plans he has for correspondence on children in protection and children at risk to be reviewed by his ministerial team?

Ed Balls: As I just said, I investigated the matter last week, as did our permanent secretary. I am assured by him that at the time—this was in the previous Department, the Department for Education and Skills—the correspondence unit took advice from the expert policy team, whose judgment it was that in statute the matter was rightly for the independent inspector, not the Department. However, it is of course the case that at all times officials and Ministers have to make the right judgments to ensure that problems are spotted early and that action is taken. That is what we will do at all times and in all cases.

T6. [235783] **Mr. Desmond Swayne** (New Forest, West) (Con): Given the excellent advice that the Chairman of the Children, Schools and Families Committee, the hon. Member for Huddersfield (Mr. Sheerman), gave earlier, will the Minister tell us exactly what she is going to do to improve the statementing process so that parents believe that it is on their side, rather than designed to defeat them? In doing so, will she avoid the words "best practice", "facilitator" and "engaging", which she used earlier? She should just tell us what she is going to do.

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I am surprised that the hon. Gentleman objects to the words "best practice". I would have thought that we should all be using best practice. Indeed, I believe that schools and local authorities should be looking at it. I have already stated that the Lamb review is looking into how we can get parents' confidence in the statementing system. We have 10 innovative projects under way throughout the country, so that we can find different ways of getting parental confidence in the system. I would have thought that the hon. Gentleman welcomed that.

G20 Summit

3.32 pm

The Prime Minister (Mr. Gordon Brown): I am sure that the whole House will join me in sending our profound condolences to the family and friends of the three servicemen killed in Afghanistan in the past few days. They were Marines Neil Dunstan and Robert McKibben from the UK Landing Force Command Support Group, and Colour Sergeant Dura of the 2nd Battalion of the Royal Gurkha Rifles. We owe them and all those who have given their lives in conflict a huge debt of gratitude.

I should like to make a statement on the Washington summit on financial markets and the world economy. This was the first ever G20 leaders' summit, which I attended this weekend with the Chancellor of the Exchequer. In just over six months, the world has seen a 40 per cent. collapse in global share values, while global financial institutions have written off losses approaching $1,000 billion and world oil prices have peaked at nearly $150 a barrel and then sunk 60 per cent. We have seen a fall in global expectations for growth in the world's industrialised countries from 2.5 per cent. in 2007 to below zero for 2009, with all the impact that that has on families and businesses and all the worries about mortgages, jobs and family security in Britain and around the world.

What is making this a fully worldwide crisis is that in recent weeks a problem that started in America has extended to emerging markets and developing countries, some of which are facing bankruptcy. These unprecedented global events call for unprecedented global action. While the economic problems of the 1970s created the G5 and then the G7, it is right that for the first time leaders from developed, emerging and developing economies, which are responsible for 85 per cent. of global growth, met and agreed on the urgency of common and concerted, and where appropriate co-ordinated, actions to address the financial and economic crisis.

To put the long-term challenge in context, in the next 20 years it is expected that the world economy will double in size. This will mean a doubling of opportunities for British business and new opportunities for British workers and families. However, to make the transition to, and secure the benefits of, an open and inclusive globalisation, we have to deal with three other consequences that that brings. Those are, first, the need for restructuring of industries and services, not least resulting from the rise of Asia; secondly, increased competition for resources as long-term demand for oil, food and commodities from the newly emerging economies threatens to outstrip supply; and, thirdly, now that we have global flows of capital, the need to ensure a global framework for financial services as a precondition for prosperity and security.

As epitomised by the sub-prime crisis, which started in America, at the root of the banking crisis was a failure by banks to manage risk, to understand increasingly opaque and complex financial products and to make transparent a developing shadow banking system—*[Interruption.]*

Mr. Speaker: Order. I am always on the record as saying that I want Ministers, including the Prime Minister, to come to the House to make statements. That does not give hon. Members, including hon. Ladies, a licence to shout anyone down.

The Prime Minister: Thank you, Mr. Speaker.

In Washington, we agreed first of all fundamental reform of the way the financial system is supervised around the principles that Britain has been promoting. They are greater transparency, responsibility, integrity—to avoid conflicts of interest—better banking practice and international co-operation. That includes establishing international colleges of regulators; bringing transparency to tax havens by including them within the scope of the financial system; convergence of accounting standards; reviewing executive compensation schemes that encourage excessive and irresponsible risk-taking; full disclosure of toxic assets; and reform to end conflicts of interest in credit-rating agencies. We set a clear timetable, tasking our Finance Ministers to prepare immediate measures for implementation by 31 March, and to report back on progress with the full action plan at the next meeting.

The summit also agreed that the recapitalisation of the banking system was the right course of action. The action that we have taken in the United Kingdom to buy shares in banks has now been followed in every continent of the world, and guarantees have been introduced to allow banks to raise the money needed to continue to support the real economy, as they must, through lending to businesses and families.

We agreed that, against the background of economic conditions worldwide, a broader policy response was needed immediately, based on closer macro-economic co-operation. Importantly, we made it clear that, within our commitment to fiscal sustainability, the broad and international policy response would need to encompass both monetary and fiscal policy action. Although it is for independent central banks to make their own decisions, we recognised the importance of monetary policy to the restoration of growth. Some contended that it was impossible to cut interest rates in Britain for fiscal reasons, but, in fact, the Bank has now, in two successive months, made two cuts worth in total 2 per cent. and the Government have stated clearly that there is scope for further action. A measure of the level of international co-operation that has already resulted is the extensive currency swaps put in place between central banks and the co-ordinated cut in interest rates across Europe, Asia and America a few weeks ago.

Crucially, and for the first time, our Washington statement agreed a broad and concerted international macro-economic policy response in fiscal policy, meaning measures to support families and businesses now. First, we agreed that fiscal policy has an essential role to play alongside monetary policy in sustaining demand, with quick-acting measures to encourage a rapid impact with help for households and businesses. Secondly, we agreed that the benefits of fiscal policy action will be greater for each country if all countries can act in a concerted way.

This imperative is shared internationally. In recent days China, South Korea, Australia and Germany have joined other European countries, including Spain and France, in considering new fiscal stimulus packages. The European Union has already said that the flexibility in the stability and growth pact to recognise exceptional and temporary conditions will be used. President-elect Obama has already stated that a new fiscal stimulus package in the United States is both necessary and urgent. Most previously published forecasts have assumed

[The Prime Minister]

the absence of co-ordinated fiscal action, but the downturn can be shorter and less deep if Britain takes action, and if that action is matched elsewhere.

It is for individual countries to make their own announcements, as we will do in due course, but the more co-ordinated the action, the greater the benefit to each country will be. I believe that the emerging consensus across the world—from the International Monetary Fund itself, from Governments of left and right, and from political parties, with only a few exceptions, in developed and developing countries—is that we should take rapid, co-ordinated and concerted action through the use of budgetary measures.

Over the past year, the central problem facing the global economy and the UK economy was inflation, driven by a sharp rise in international commodity prices and allied to a credit crunch, which left fewer options for Governments. This year, the reality is the sharp falls in commodity prices that are now taking place, while the credit crunch is leading to contractions in bank lending. The risk in this new environment is not stagflation but the impact on the economy of close-to-zero inflation at the time of a downturn, so it makes sense for Governments to support interest rate cuts with fiscal action. That is giving real help to families and businesses now, and I believe that, in addition to the announcements already made, we will see in the next few weeks many countries following with expansionary measures founded on that agreed international position.

The third central message of the summit is that in taking action, we must resist all forms of protectionism. These threaten to slow down and eventually to stall world trade, thus denying us the benefits of one of the great engines of new growth. So, uniquely, all nations signed an agreement that over the next 12 months they will resist pressure and refrain from raising new barriers to investment and trade. The key to confidence in open trade is, of course, the signing of the world trade agreement, on which talks have stalled since the summer. We cannot allow that impasse to continue, and I welcome today's new agreement—following Saturday's summit—to work towards a ministerial meeting in December. To ensure that the trade round is truly a development round that benefits the poorest countries, it will be accompanied by an agreed $4 billion aid-for-trade programme for infrastructure in developing countries. In discussing the issues facing poorer countries, the summit reaffirmed the importance of meeting the millennium development goals—an importance of applying the same common purpose to the challenge of alleviating poverty.

Some have argued that as long as the trade talks remain deadlocked on specific issues, no deal can be agreed, but the G20 was explicit about the action that we have to take: for the first time we have instructed our Trade Ministers to agree, by the end of the year, the outlines needed for a successful conclusion to the Doha agreement.

Finally, the G20 leaders have also agreed that the next summit will allow us to review, and to make decisions on, the wholesale reform of the international economic architecture—built in 1945 but no longer adequate for the challenges of 2008. In agreeing on the need for reform, we also set down the agreed changes that we believe are already essential: a greater voice and representation for emerging and developing countries; an urgent expansion, with broader membership, of the Financial Stability Forum; and, better identification of vulnerabilities and anticipation of potential stresses, with swifter action in crisis response.

The International Monetary Fund's ability to assist countries facing problems as a result of the current shock depends on its reserves of $250 billion. We welcome the announcement from Japan to lend up to $100 billion, but that may not be enough, and we agreed to review the IMF's facilities to ensure that it has the flexibility to give countries the help that they need. The World Bank agreed that it would make new commitments of up to $100 billion over the next three years to protect the newest, the poorest and most vulnerable countries, and $30 billion-worth of new facilities specifically to help address the problems faced by the private sector, including recapitalising banks and providing trade finance.

At this unique moment in our economic history, we are seeing the world come together to find global solutions to what are the global problems that we face. Over the next few weeks and following consultation, Britain, as the incoming chair of the G20, will lead the preparations for the next summit, working alongside past and future chairs. We will set out the schedule of events, meetings and papers that will take us to the next conference, the date and venue of which will be announced next week. In the run-up to the conference, we will monitor, following the recapitalisation of banks, the barriers to the resumption of funding, because this summit and the meetings that will follow are about the real challenges of everyday life: the need for people to have confidence in the banks that hold their savings and their mortgages; and the need to know that everything possible is being done to help them in their jobs. We pledge that with national and international action together—real help in difficult times—we will take people fairly through this downturn. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Colour Sergeant Dura and to Marines Neil Dunstan and Robert McKibben, who were all killed in Afghanistan. As the Prime Minister said, they were serving our country, and we honour their memory.

Everyone welcomes the fact that the summit was of the full G20, involving countries such as Brazil, India and China. It discussed the immediate response to the recession and proposals for the longer term. I shall start with the longer-term reforms. On trade, after so many false dawns, does the Prime Minister believe that this time there is a real prospect of agreement on Doha? On financial reform, there are the Basel accords, which govern bank lending. For a year, we have been arguing that the rules should be made counter-cyclical, but does the Prime Minister agree with me that international action should be combined with action at home, such as the debt responsibility mechanism that we have proposed for the Bank of England to call time on debt? On international institutions such as the IMF, does the Prime Minister agree with me that genuinely sharing global leadership with countries such as India and China means giving them a larger say in how these organisations are run?

The section in the communiqué on the IMF includes talk of early warnings. Is it not also vital that countries listen to the warnings that they are given? The IMF warned Britain last year that household debt was rising rapidly, that our financial institutions were vulnerable and that, as a result, we faced a potentially severe impact. In future, will the Prime Minister listen to these warnings?

Next there is the failure of the regulatory system, particularly concerning credit rating agencies and complex derivatives. The G20 rightly talks about the importance of co-operation, but can the Prime Minister be clear about what is actually proposed? It does not mean detailed international regulation, but international co-operation over regulation. The G20 communiqué rightly states explicitly:

> "Regulation is first and foremost the responsibility of national regulators".

It is quite damning about national failure. It says—this is the communiqué that the Prime Minister signed up to—that

> "some policy makers did not adequately appreciate and address the risks building up in financial markets, keep pace with financial innovation, or take into account the systemic ramifications of domestic regulatory actions."

For the past 10 years, the Prime Minister was the economic policy maker in Britain, so what responsibility does he take for those failings here?

I turn to the recession, about which the Prime Minister makes two claims. The first claim is that Britain's economic situation is all imported from abroad. He has said that it started in America so many times that it is starting to sound ridiculous. Can he answer this—[HON. MEMBERS: "It's true."] If it is true, he is going to have to answer this question. If Britain is so well prepared, can he explain why the IMF believes that the British economy will shrink faster next year than any major economy in the world? Can he explain why the European Commission says that we face a deeper recession next year than anywhere in the EU except for Estonia and Latvia? Far from being well prepared, Britain faces a deep recession. Is that not why in the past few months our currency has fallen more sharply than any major currency and more sharply than ever before in our recent history?

> "A weak currency arises from a weak economy which in turn is the result of a weak Government"—

[Interruption.] I do not know why the hon. Gentleman is pointing at me; that was not my hon. Friend the Member for Tatton (Mr. Osborne) this week, but the Prime Minister when he was shadow Chancellor. As the hon. Gentleman was talking, I shall read the quote again. It says that

> "a weak currency arises from a weak economy which in turn is the result of a weak Government"—

[Interruption.] I am so pleased to have made the Prime Minister smile.

The Prime Minister's second claim is that there is universal support for a fiscal stimulus paid for by additional borrowing. Yet of the 3,500 words in the G20 communiqué, just 21 were about the fiscal stimulus, and they included the condition that the stimulus should be "appropriate" and "conducive to fiscal sustainability". The real international consensus is that only the countries that have been fiscally responsible are best placed to act now. Is that not why the OECD recommended a fiscal stimulus for those countries that had consolidated their public finances? Is that not why the European Central Bank said that if a country has borrowed more than 3 per cent.—as we have done—it should not borrow even more? Even this weekend, what the head of the IMF actually said is that a fiscal stimulus should take place only

> "where it is possible...where you have some room concerning debt sustainability."

How can our Government claim that our debt is sustainable when our borrowing this year, before the recession has properly started, is among the highest in the developed world, and when we have just spent £40 billion on a bank rescue?

The Prime Minister keeps citing China, but China, like Spain, the Netherlands, and Australia—like half the OECD, in fact—has a budget surplus. In Britain, our Prime Minister used the good years to build up the biggest budget deficit in the industrialised world. Is that not why, in Britain, more discretionary borrowing now, without knowing where the money is coming from, is bound to mean higher taxes later? Is that not what the Employment Minister admitted last Tuesday? Is that not what the Chancellor admitted last Wednesday? Is that not what the Business Secretary, not known for admitting anything, admitted this morning, when he talked about

> "a medium term adjustment some years ahead"

and a

> "structural adjustment later on".

Translated into English, does that not mean higher taxes under Labour?

Is it not the case that Labour's borrowing bombshell will soon become a tax bombshell? Let us be absolutely clear about what this means: borrowing £30 billion now will mean an income tax bill for the average earner of nearly £1,500 later. Everyone knows the Prime Minister is planning a Christmas tax giveaway, but tax cuts should be for life, not just for Christmas. We need real tax cuts, not Labour tax cons.

Just two years ago, the Prime Minister said:

> "No political party will be trusted if it promises stability in one breath and unfunded tax cuts in the next".

Let me remind him of what he said. He pledged solemnly:

> "To make unfunded promises, to play fast and loose with stability... is... something I will never do and the British people will not accept."

So now that he has broken that promise—now that he is promising a borrowing bombshell—will he start his response by being straight with the British people? Will he admit that by borrowing more now, he will have to tax more later? Just for once in his life, can he give us a straight answer—do not his borrowing plans today mean higher taxes tomorrow?

The Prime Minister: Let me start with a quote from the Leader of the Opposition:

> "I always think Leaders of the Opposition have to be careful not to... talk down the economy. You know there are some strong fundamentals in the British economy and we should celebrate those and point them out."

That was his position a few months ago. He has changed his position today. A week ago, he said he favoured borrowing out of the crisis. Now he is against it altogether. Even the Americans agree that the financial crisis started in America. As for the regulation of banks, mortgages and pensions, it was his financial competitiveness working party that recommended the deregulation of pensions and mortgages only some time ago.

[The Prime Minister]

I have listened on many occasions to the Leader of the Opposition and to the shadow Chancellor, and I have come to the conclusion that they do not understand what is happening in the world economy. I do not think that the Leader of the Opposition realises that while last year, and in the last few months, the problem has been inflation—we have had inflation combined with a credit crunch—in the next year, the problem is deflation and the problem—*[Interruption.]* Inflation close to zero.

The answer is, as everybody has said at this international conference, that we combine monetary policy with fiscal action so that we have the best impact on growth in the economy. The Conservative party seems to be the only party that is now standing against what is a consensus developing across Europe and across the world: unless we take the fiscal action that is necessary now, and help businesses and families now, we will be undoing any benefit that can come from monetary policy and cuts in interest rates. I hope that the Conservatives will think again.

The right hon. Gentleman sometimes quotes Canada. The Prime Minister of Canada has just said, at the end of the meeting—*[Interruption.]* The Prime Minister—*[Interruption.]*

Mr. Speaker: Order. I expect better from you, Mr. Soames, than shouting across the Chamber. *[Interruption.]* Order. The hon. Gentleman should be setting a good example.

The Prime Minister: The Prime Minister of Canada said:

> "There's a view coming out of this meeting, very strongly I can tell you… that monetary policy alone will not be sufficient to take the global economy through this crisis. There will have to be fiscal action, and there will have to be additional fiscal action."

That is what almost every country is now saying as a result of what is happening around the world. It is the Conservative party that is out of touch. Then, there is Mr. Dominique Strauss-Kahn, the managing director of the International Monetary Fund, who said:

> "What countries do you think should have it?"—

that is, the fiscal stimulus.

> "I want to answer your question candidly. Everywhere where it's possible. Everywhere where you have some room concerning debt sustainability. Everywhere where inflation is low enough not to risk having some kind of return of inflation, this effort has to be made."

Let us also be clear about debt comparisons: France 55 per cent. of GDP; Germany 56 per cent.; Italy 101 per cent.; Japan 94 per cent.; the USA 46 per cent; the United Kingdom 37 per cent.

The Opposition have been wrong on every single matter concerning this downturn: they were wrong to oppose the nationalisation of Northern Rock; they were wrong to say that we should not act against shares speculation; they were wrong to say that we could not cut interest rates because the fiscal position was in a bad state; they were wrong to say on Sunday that we could not persuade the rest of the world of the need for a fiscal stimulus; they were wrong with their fuel duty stabiliser that would put fuel duty up by 5p now; they were wrong with the employment policy last week, which was dismissed by the Small Business Federation not as an incentive to employment but, after spending £2.5 billion, as a disincentive to employment. They have been wrong on every single occasion when they have turned their minds to economic policy. They are not only outside the national consensus, but outside the international consensus as well.

What, then, is the answer of the Leader of the Opposition? It is to bring back the right hon. Member for West Dorset (Mr. Letwin). That is what he means by "time for a change". Everyone is tested by the economic circumstances we face: Governments are tested and Oppositions are tested. This Opposition have been tested and found wanting.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I would like to add my own expressions of sympathy and condolence to the—*[Interruption.]*

Mr. Speaker: Order. Mr. Luff, you should calm down—*[Interruption.]* Order. The hon. Gentleman should calm himself, or is he telling me that I am not chairing the proceedings properly? I do not think that he would want to do that.

Mr. Clegg: I would like to add my own expressions of sympathy and condolence to the family and friends of Colour Sergeant Dura and Marines Neil Dunstan and Robert McKibben who tragically lost their lives in Afghanistan this week.

I thank the Prime Minister for his statement. I, too, think that it was good that this was a G20 summit, which included new powers such as India, China, Brazil and others. I hope that that will be a precedent for the future because global governance can no longer be a stitch-up of the old powers alone.

I also strongly agree with the Prime Minister's words on the danger of protectionism. The lesson from the 1930s is indeed that narrow nationalism and trade barriers will only make matters worse. Speaking as one who was at the inception of the Doha development round in 2001, I feel strongly that we must seek to trade our way out of this recession.

British exports, of course, will be boosted after the recent fall in the value of the pound after a long period of over-valuation. In my opinion, the shadow Chancellor was well within his own rights to talk about the falling pound, even if he made almost no sense at all. Does the Prime Minister agree that this sudden desire for currency stability is a bizarre U-turn from a party that once referred to the euro as a "toilet paper currency"?

The Prime Minister spoke a great deal today about a fiscal stimulus, and it is rumoured that he wants to borrow money for a temporary tax rebate. In my view, it is right to give money back to people on low and middle incomes who are more likely to spend some of that money, but instead of borrowing for a one-off tax cut, the Prime Minister could pay for a big permanent tax cut by ending unfair loopholes for the very wealthy. Would not that be fair? The right thing to borrow for is not short-term cash bribes, but long-term capital investment in infrastructure which the country needs in any case. Does he agree that extra borrowing can be justified only to fund green energy, sustainable transport and the homes we need for a sustainable economic recovery?

The Prime Minister still seems incapable of differentiating between good public spending and bad public spending. Why in the teeth of this recession, does he still want to waste £13 billion of the public's money on an NHS computer system that will not work, £12 billion of it on a surveillance database that no one wants and £5 billion on ID cards that no one needs?

I know that in the past the Prime Minister has struggled to distinguish between cutting public spending and redirecting it as we want, but does he now accept that my party's plans to redirect wasteful spending to things that people really need in a recession—such as homes, child care, education, training and fairer taxes—are the right thing to do?

The Prime Minister has spent several weeks jetting around the world. Will he now focus on three key steps that will help people here at home: permanent fairer taxes, borrowing only for long-term investment, and redirecting public spending towards the things that people really need in a recession?

The Prime Minister: The first thing that I should say to the right hon. Gentleman is that it is important that we do not cut capital investment at this time. The capital investment that we are making in homes, education, the health service and the environmental technologies of this country is capital investment that we will continue. I hope that the right hon. Gentleman will be able to support us when we say that it would be totally wrong, at a time when we are preparing for the next stage of the world economy, to cut capital investment in those areas.

I must also say to the right hon. Gentleman that we have removed tax loopholes in every Budget since 1997, including the loopholes removed by the Chancellor in the last Budget. I see no evidence from my reading of the Liberal Democrats' policy document that they can find the billions that they say are to be found in the cutting of tax loopholes, and I believe that, when subjected to rigorous examination, their policy once again does not stand up.

I have to tell the right hon. Gentleman that if he cuts public expenditure and says that that constitutes savings, as he is doing, he is still cutting public expenditure by £20 billion.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome my right hon. Friend's statement, and particularly welcome the international backing for the actions that he has taken. I think we all recognise that he has a difficult task to perform in ensuring that sustained public expenditure maintains our economy at an appropriate level and, at the same time, helps hard-working families. Can he assure me that he will resist the siren voices on the Opposition Benches calling for the introduction of a fuel duty stabiliser?

The Prime Minister: In the heat of the summer, to gain a bit of publicity, the shadow Chancellor announced that he had a fuel duty stabiliser. The problem with the fuel duty stabiliser is that the minute petrol prices fell to 97p a litre, the right hon. Gentleman would have been bound to put the price up by 5p a litre. I do not think that, even with his bluster, he can deny that that is the case.

This is just one of the Conservative ideas that were launched in the morning, were found wanting in the afternoon, and are never talked about now. The right hon. Gentleman had exactly the same problem with his proposed employment measures last week. His proposal to spend £2.5 billion on employment, one of the biggest outlays of public expenditure, was rejected by the Federation of Small Businesses as a disincentive. I think that the Conservatives will have to go back to the drawing board, but I do not think that the right hon. Member for West Dorset (Mr. Letwin), who lost them the 2001 and 2005 elections, will be of much help to them.

Mr. Kenneth Clarke (Rushcliffe) (Con): Will the Prime Minister not confess that he went to the summit to obtain cover for the short-term borrowing on which he intends to embark as much for electoral as for economic reasons? Does he not accept that the summit statement stresses debt sustainability, which he noticeably omitted from all his own statements, and that if he goes ahead with adding to the level of debt that will, I hope, be revealed in full next Monday, he will merely build up impossible problems for the Government who must follow, and must sort out the mess that he has created over the 10 years of his stewardship?

The Prime Minister: When the right hon. and learned Gentleman was Chancellor, debt was 44 per cent. of GDP. At the moment, according to the IMF, it is 37 per cent. of GDP. That is debt sustainability: it means that we can build on a level of debt that is lower than the 1997 level to take the action that is necessary.

I went to the summit because, unlike the Conservatives, I believe that co-ordinated international action is possible. I believe that we can work with the rest of Europe and the rest of the world to take specific and decisive action to deal with the financial crisis, and I believe that we can work together not just on financial sector reform but on fiscal policy.

Despite saying a few weeks ago that borrowing was necessary, the Leader of the Opposition has today set his face against the fiscal stimulus that is necessary in this economy and other economies. He will find himself outnumbered by every major country in the world. He will find that America will have a fiscal stimulus in the next few months; he will find that the rest of the European Union will also agree to a fiscal stimulus; and he will find that the rest of the world will want that to happen. But if the Conservative party has not woken up to the fact that we have near-to-zero inflation coming up next year, and that fiscal stimulus is the necessary way in which to get around it, I do not think that the party will ever begin to understand the modern economy.

Frank Dobson (Holborn and St. Pancras) (Lab): Will my right hon. Friend stick to the policies he has been outlining and give the fiscal stimulus that is necessary, and ignore the juvenile approach of those on the Tory Front Bench, whose Members apparently believe that borrowing is all right for bailing out bankers, but that when it is intended to make sure that people and small businesses all over the country have jobs and stay in business it is not acceptable?

The Prime Minister: Yes, if we had taken the Conservative party's advice, the price of petrol would be going up by 5p per litre. It cannot deny that; that is the policy it announced a few months ago. Is this the right time for us to be increasing the price of petrol by imposing a

[The Prime Minister]

5p per litre rise? That is the Opposition's policy, and it would harm people at this time. The Conservatives seem to be unable to understand that if inflation is falling substantially and there is a downturn and a credit crunch, we need the power of Government action to give a fiscal stimulus to the economy. I suspect that, under the influence of the right hon. Member for West Dorset, the Conservatives are lurching back to a monetarist policy such as that which failed in the past.

Angus Robertson (Moray) (SNP): I welcome the G20 declaration, especially the section stating that its

> "work will be guided by a shared belief"

in

> "economic growth, employment, and poverty reduction."

Given that tens of thousands of people employed in the financial sector around the UK are fearing for their jobs, not least in HBOS, is the Prime Minister confident that mistakes in regulation are not now being repeated with the abandonment of competition rules?

The Prime Minister: The hon. Gentleman opposes the action we took on competition rules in relation to HBOS and Lloyds TSB, but if we had not taken that action HBOS would have collapsed as a banking institution. The idea that the Scottish National party is putting around Scotland about HBOS being basically a healthy institution that came under fire because of London speculators is complete nonsense. It had a bad business model and it lost a great deal of money because of that bad business model. That has to be corrected, which is why Lloyds TSB has been given the support of Government with the share issue for the new HBOS-Lloyds TSB. The hon. Gentleman should stop peddling myths around Scotland about the viability of HBOS in its present form.

Mr. Peter Hain (Neath) (Lab): Will the Prime Minister ignore the bumbling opportunism of "boy George" and the Conservatives, and instead learn the lessons from Keynes that they have clearly failed to learn, by recognising that to avoid a 1930s-type slump it is necessary to borrow to invest and to cut taxes of the kind he is advocating? The alternative advocated by the Conservatives would result in a prolonged slump in Britain.

The Prime Minister: I fear that the shadow Chancellor said on Sunday:

> "Gordon Brown told us before going to Washington that it was all about getting a global agreement for a fiscal stimulus package. He has not done that."

How out of touch are the Opposition.

Sir John Butterfill (Bournemouth, West) (Con): Does the right hon. Gentleman agree that the trigger for all of this was a catastrophic failure of regulation of the financial services sector in the United States, but does he also agree that as London had become the world financial centre, it had an even greater need for competent regulation of the financial sector, and that the regulatory regime he put in place has failed abysmally?

The Prime Minister: First, I am pleased that the hon. Gentleman has acknowledged what the Leader of the Opposition has failed to understand: that the problems started in the United States of America. As long as the Conservatives do not understand how the problem started, they will never begin to understand how to solve it. When even the Americans agree that the problem started in America, it ill befits the Leader of the Opposition to try to mislead people about how the problem started. On regulation, we created the Financial Services Authority; we brought together all the different regulators to do so. The only policy the Conservative party has put forward on regulation in the last year or two is a policy to deregulate pensions, mortgages and the financial system. It should be ashamed of that policy.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): The Prime Minister may recall that when he was in opposition he used to say that the strength of a currency was a reflection of the strength of its economy. Notwithstanding the fact that the world is going into recession, does he not think that the precipitant fall in sterling is down to the fact that the international community believes that we enter this recession in a worse state than almost anybody else?

The Prime Minister: First, I think that the former Leader of the Opposition should think twice about what he says about the currency at this stage. I have never, whether in opposition or government, given a running commentary on the currency, as the Opposition seem to want to do. I think that it is highly irresponsible for them to do that in the present circumstances. May I say that, in 1989, Lady Thatcher complained—*[Interruption.]* They have no respect, even when it comes to listening to the words of Lady Thatcher now. She complained of people

> "trying to help the speculators and talks-sterling down in the most unBritish way."—*[Official Report, 15 June 1989; Vol. 154, c. 1119.]*

Mr. Kevin Barron (Rother Valley) (Lab): Can my right hon. Friend assure the House that any fiscal action he takes in the next few weeks will be to fight the problems that our constituents face, whether on homes and mortgages or in the workplace, and not fight the next general election?

The Prime Minister: We are trying to help people in difficult situations with their mortgages. That is why we are bringing in changes from 1 January to help people who are unemployed pay for their mortgages. We are trying to speed up social housing provision, so that we can replace the loss of private house building in the economy. On jobs, my right hon. Friend will note that we have enhanced the new deal that is available to help people moving from one job to another, and we have enhanced the ability to launch a rapid response in communities that are facing redundancies—that is how to help people in difficult situations. The way ahead is not to abolish the new deal, as the Opposition would do, but to enhance it.

Dan Rogerson (North Cornwall) (LD): As the Prime Minister considers his approach to dealing with all these issues, will he instruct Her Majesty's Revenue and Customs to be as sympathetic as possible to those employers who are temporarily experiencing problems with cash flow, in the hope that jobs that will be crucial to the future recovery of the economy can be safeguarded for the future?

The Prime Minister: That is what we would try to do in these circumstances, and I assure the hon. Gentleman that HMRC will do what it can.

Sir Stuart Bell (Middlesbrough) (Lab): Relative to the fiscal stimuli throughout Europe, is it not a fact that Germany is in recession, the eurozone is in recession and, come January, the United States may be in recession? Following on from the point made by the Leader of the Opposition, may I say that even the G20's communiqué referred to fiscal stimulus? Should that fiscal stimulus cover tax cuts, interest rate cuts above the 2 per cent. and spending plans, such as those for Crossrail? Is that not what the British people wish—or do they wish for the woeful and curmudgeonly approach of the Opposition?

The Prime Minister: I am surprised that the Opposition think that they have such genius that they can stand out against the opinion that is being expressed by right-wing and left-wing Governments and right-wing and left-wing economists. If the Opposition put themselves in a situation in which, facing a world downturn and the prospect of inflation reducing—as it will over the next year—and when we have interest rate cuts, they are unprepared to use the fiscal weapon, people will believe, as they will then conclude, that the Conservatives see no role for government in sorting out those problems. That is a big mistake that the Conservative party is making.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I assure the Prime Minister, putting aside for one moment his heavy personal responsibility for the very serious situation in which we find ourselves, that I think he is right to continue here in Britain the overdue reduction in interest rates—as I am sure he intends to do—to boost consumer demand, which I hope will be done by a serious cut in VAT, and to increase investment in public works? More controversially on the Conservative Benches, and speaking as a Keynesian, may I say that he is right to fund that by further borrowing and to watch, as I am sure he hopes to do, the next two Governments trying to pay off the bills from an office in the International Monetary Fund?

The Prime Minister: Here we have a voice from the Conservative party saying that there should be a fiscal stimulus—[*Interruption.*] The Leader of the Opposition suggests that the hon. Member for Louth and Horncastle (Sir Peter Tapsell) was joking, but I think that he was serious. He wants to see a fiscal stimulus because he understands what Conservative Front Benchers have decided they do not want to understand—that fiscal action is necessary in the circumstances that we face. Indeed, two weeks ago the Leader of the Opposition said that there had to be more borrowing; now he says that there should not be more borrowing. The Opposition cannot make up their mind in any given circumstances. The only change they represent is that they change their mind every week.

Nigel Griffiths (Edinburgh, South) (Lab): Will my right hon. Friend take no lessons from those who talk the pound down today and who sent the pound down 16 years ago with a disastrous exit from the exchange rate mechanism, which caused a record number of bankruptcies, a record number of people losing their homes, and record unemployment? Some people never learn.

The Prime Minister: I hope that the Opposition will reflect on what they have said about sterling. It is one thing to get a cheap and quick headline: it is another thing to take responsible action on behalf of the British economy. These are the people who said at their party conference, when they were in another particular predicament, that they would work with the Government and we would have all-party agreement on economic policy—[*Interruption.*] Does the Leader of the Opposition deny saying that? That is what they said then, but now they want to change their mind every week on policy, simply to get a headline. As one of their documents said a few days ago, the most important thing is getting a headline and it does not really matter what is said.

Sir Michael Spicer (West Worcestershire) (Con): Why has the pound collapsed? That is a perfectly reasonable question to ask a Prime Minister.

The Prime Minister: A year ago, the dollar was at a low level. This year, the pound is at a lower level. Currencies change—[*Interruption.*] If Conservatives want to give a running commentary on sterling, they are not even responsible enough to be in opposition.

Ms Sally Keeble (Northampton, North) (Lab): I welcome my right hon. Friend's commitment to the introduction of international regulation for the credit ratings agencies next March. However, I urge him not to listen to the Opposition about light-touch, or even no-touch regulation, and ensure that the proposals are robust and provide real confidence for institutions and individual investors.

The Prime Minister: We will do that, and the policy to be set out by the Chancellor will ensure that.

Mr. Michael Fallon (Sevenoaks) (Con): Is it not often the case that in a major conflagration the arsonist is spotted in the crowd watching the fire brigade at work? Does the Prime Minister still not accept any responsibility for the fact that five of our 10 biggest banks were allowed to over-lend under a system of supervision that he set up, and that the public finances were hopelessly over-borrowed under his chancellorship?

The Prime Minister: This is the Conservative party that was saying a few months ago that it wanted less regulation in our banking system. This is the Conservative party that produced a document saying that it was time for deregulation of mortgages. This is the Conservative party that cannot now claim that it has the answers to a crisis that it has no idea what to do about.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): My right hon. Friend will know that Members' memories tend to be very short. Perhaps he can jog our memories and tell us whether any one of the leaders at the conference suggested that they thought that it was inappropriate to borrow to provide a fiscal stimulus in their country or in any other country of the G20.

The Prime Minister: My hon. Friend is absolutely right: a consensus is developing across the world. The G20 is a group of emerging markets and developed countries. It represents every continent in the world and a consensus is developing, from China to the US, to Canada, across Europe and over to Asia, that the way

[The Prime Minister]

through this period of unique circumstances—a downturn, a credit crunch and falling inflation—is a fiscal stimulus. I do not think that, on reflection, many Conservatives would disagree. This is the right thing to do, and I hope that they will go back to the drawing board and think again.

Mr. John Redwood (Wokingham) (Con): Why did the Prime Minister ignore the strong advice that we gave him in the economic policy review, which he often quotes, to give powers back to the Bank of England and to concentrate regulation on capital adequacy because there was a credit boom under way? He should not in any way imply that we were ignorant of that fact. We warned him before Northern Rock went down, and if he had taken our advice we would not have had to nationalise a single bank.

The Prime Minister: Because in his document he said that it was time to deregulate the mortgage market. He must face up to the fact that that was his recommendation.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): My constituents understand that doing nothing is not an option. They know what a depression is because they lived through one 18 years ago, and so they welcome intervention in the market. When my right hon. Friend chairs the G20, does he intend eventually to wrap the G8 into the G20? If the G20 is to become a financial regulator, what will happen to the IMF and the World Bank?

The Prime Minister: The reform of the international institutions that include the International Monetary Fund, the World Bank, the G8 and the G20 will be very much the subject of discussion at the next meeting of the G20. We have put forward our proposals for reform and other countries will put forward theirs. I believe that we will come to recognise that in the new world economy decisions cannot be made about the future unless the Asian countries and a wider spectrum of representation are included in discussions about the big macro-economic decisions. That is why I think that there will be general agreement about the need for change and I hope, on this occasion, that we will have support from all parties in the House when that change happens.

Mr. John Maples (Stratford-on-Avon) (Con): The Chancellor, I mean the Prime Minister—he is doing both jobs, I think—is talking as though the economy is not already receiving a huge fiscal boost. The Government will run a deficit this year of £50 billion or £60 billion. If we add all those American banks that went wrong, such as Northern Rock and Halifax Bank of Scotland, it must come to well over £100 billion. The recession has to take its course—*[Interruption.]* Just listen. Bad debts have to be written off, bad investments have to be written off and people and businesses need to repair their balance sheets. The Prime Minister knows that, even if some of his Back Benchers do not. If that does not happen, there will not be a solid base for recovery. He risks endangering that base for recovery with a massive increase in Government borrowing that will leave a legacy of debt and taxes into the future.

The Prime Minister: Now we have a new position from the Conservative party, which I think people will reflect on: the recession has to take its course and nothing can be done about it. We have heard three positions from the Conservative party: the hon. Member for Louth and Horncastle (Sir Peter Tapsell) says that there has to be fiscal action; the hon. Member for Stratford-on-Avon (Mr. Maples) says that nothing can be done; and those on the Front Bench are dreaming up initiatives every day, all of which fail before they even reach the scrutiny of the afternoon. The Conservative party will have to think about whether it has a responsible economic policy at all.

Clive Efford (Eltham) (Lab): I congratulate my right hon. Friend on the leadership that he has shown in trying to deal with this worldwide economic crisis. Will he tell the House whether anyone was prepared to argue the case for deregulation at the G20 summit? Is there anybody of any note, other than the Opposition, who is arguing that line?

The Prime Minister: Well, because the Conservative Front Bench was not represented at the G20 conference, nobody was arguing the case for deregulation. I suspect that if Conservative Front Benchers continue to argue the case for deregulation, they will not be at any other conference for a very long time.

The Conservative party wants to deny the truth that this was a downturn started in America with the financial sector problems, as acknowledged by one Conservative Member, the hon. Member for Bournemouth, West (Sir John Butterfill) and that it cannot be sorted out by national action alone and needs international action, including that action within Europe that the Conservative party would not support. The international downturn needs monetary policy to be allied to fiscal action, and the Conservative party cannot contemplate that. On every major issue it is out of touch not just with national opinion but with international opinion, too.

Alistair Burt (North-East Bedfordshire) (Con): The G20 will no doubt have considered how to restore public confidence in political and financial institutions and how to reassure the public that they are not simply being offered a false prospectus of jam today and pain tomorrow. In view of that, and bearing in mind the pain and trouble that has already been caused, will the Prime Minister assure us that he is leading international consensus to ban from use anywhere the phrase, "No return to boom and bust"?

The Prime Minister: This country had 10 years of economic growth under a Labour Government and 3 million more jobs—something the Conservative party never achieved. Given that we now know that the Conservative party does not even have a policy to deal with the downturn, people will understand that they are better off with the leadership they have.

Laura Moffatt (Crawley) (Lab): Many people around the world know that the measures being taken today are to defend their jobs and ensure that they have a future. For small businesses in the UK, that is incredibly important, so will my right hon. Friend in his leadership of the G20 take to them the message that small businesses in the

UK and around the world are the backbone of our economies and need to be supported? What will he do to support them around the world?

The Prime Minister: My hon. Friend is absolutely right. Working with small businesses in her constituency, she does a great deal to promote the local economy. Interest rates have come down to 3 per cent., which will help small businesses. Having recapitalised the banks we have to persuade them that it is necessary to lend, and to remove the aversion to risk that exists in many banking institutions. Those who have been recapitalised by the Government signed up to stringent procedures—that they will make capital available for small businesses at 2007 levels—and we intend to work with them to ensure that happens. I hope that there will be all-party support for these things, but I am afraid that we cannot see it in the Conservative party today.

Ann Winterton (Congleton) (Con): Can the Prime Minister confirm whether the mark to market rule was discussed at the summit?

The Prime Minister: We are looking at that very issue through the Financial Stability Forum and it will be one of the issues addressed in the report on 31 March.

Mr. Gordon Prentice (Pendle) (Lab): My friend mentioned tax havens. Is there anything we can do unilaterally or perhaps at EU level, or must it await multilateral action?

The Prime Minister: I believe there is now a genuine desire for international action to deal with the problems of offshore centres that do not respond to the normal regulatory rules that exist in the rest of the world. We can see from the communiqué that there is a determination to take action where it is necessary. Again, that is one of the subjects for debate after the recommendations on 31 March.

Mr. William Cash (Stone) (Con): The Prime Minister noticeably did not answer the question that was just put about action at EU level. He answered only in the international context. During the statement, he repeatedly used the word "co-ordination" when in fact the declaration on the summit repeatedly uses the word "co-operation". He knows perfectly well what the difference is—at least I think he does—so will he please tell us?

The Prime Minister: I am referring to the statement made after the summit by the President of the European Union, President Sarkozy, when he called for concerted action and coordination. There is general agreement that Europe must work together to deal with these problems. Unfortunately, the policy that I think the Conservative party is trying to put forward is a rigid form of the growth and stability pact. The Conservatives oppose it in Europe but seem to want to apply it in Britain.

Kerry McCarthy (Bristol, East) (Lab): Is it not the case that in previous recessions the bulk of Government borrowing had to go on funding a massive bill for unemployment benefit? Will my right hon. Friend join me in rejecting the Pontius Pilate approach of Opposition Members who want to wash their hands of responsibility for tackling the problems, and will he make sure that we have fiscal stimulus that will protect our constituents from the misery that mass unemployment would cause?

The Prime Minister: Last week, the Conservative party announced a proposal for employment that would cut employers' national insurance and spend £2.5 billion on it. It was immediately—*[Interruption.]* The right hon. Gentleman says he knows that we have been looking at it. It was immediately rejected by the chambers of commerce and by the national Federation of Small Businesses because as usual—*[Interruption.]* The CBI welcomed it, but it was designed to help small businesses and the national Federation of Small Businesses says not only that it is a bad policy but that it would be counter-productive. The Conservatives spent £2.5 billion on that great initiative and got all their figures wrong as usual. It was confused, contradictory and ill thought out, and I predict we will not hear much about it from the Conservatives again.

Mr. Brian Binley (Northampton, South) (Con): The Prime Minister talks about jobs in this country, yet over 11 years he has added £66 billion to the burden for businesses in this country through regulation and additional costs. That is the burden that business is facing and that is what he can do something about, but he fails to do so. I challenge him today not to go ahead with the 1 per cent. increase in corporation tax due to come into effect next April, on the basis that business needs all the money it can get to protect the jobs it is providing at this very moment.

The Prime Minister: When we came to power, corporation tax was 33 per cent.; it is now 28 per cent. I fear that the hon. Gentleman is reading from the old script when he complains about regulation. I think that everybody understands the necessity for regulation in the financial sector to protect small businesses and savers.

Andrew Miller (Ellesmere Port and Neston) (Lab): Did my right hon. Friend have any discussions in the United States with his colleagues about the motor vehicle industry? Does he agree that we need sustained investment in that industry, particularly in newer technologies? That will have a much more positive effect than talking down the economy, which is what some people believe in doing.

The Prime Minister: That is why we have already made available additional money for investment in new technology for cars, to allow different motor manufacturers to adapt to new technology.

Mr. Graham Stuart (Beverley and Holderness) (Con): Car tax?

The Prime Minister: Conservative Members ask about car tax; if they had their way, they would put up fuel duty by 5p in the pound. That is the Conservatives' policy for fuel duty. That is what they call the fuel duty stabiliser. It would mean an extra 5p, and they cannot deny that that is their policy.

Mr. David Curry (Skipton and Ripon) (Con): The Prime Minister will know that interest rates are a double-edged sword, because low interest rates mean cuts in the

[Mr. David Curry]

value of savings, of pension funds, and of annuity rates. In his pre-Budget statement, will he take action to help at least elderly people, who may be the most vulnerable, by suspending the present annuity rules that can lock people into a punishingly low rate of return as they grow older?

The Prime Minister: There is more than one alternative for pensioners at the age at which the question of an annuity arises, but I have to say to the right hon. Gentleman that as far as pensioners are concerned, the winter allowance is going up to £250 for all households of people over 60, and to £400 for households of people over 80. We recognise that for the vast majority of pensioners, the issue is their heating bills over the winter months. That is why we have raised the winter allowance.

Points of Order

4.31 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): On a point of order, Mr. Speaker. For Opposition Back Benchers, today felt like a particularly poor day in the history of shameless failures to answer questions. May I ask—

Mr. Speaker: Order. I am not going to extend the statement. As for the word "shameless", we should try to use temperate language when discussing such matters.

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Speaker. It is helpful for Back-Bench Members to have a copy of a Minister's statement once the Minister has made it. On this occasion, copies of the statement quickly went around the Government Benches, but they were very late arriving on my Bench, and that makes things a little difficult for Back Benchers.

Mr. Speaker: I will look into the matter, and I thank the hon. Gentleman for drawing it to my attention.

Education and Skills Bill
[Ways and Means]

Motion made, and Question proposed,

That, for the purposes of any Act resulting from the Education and Skills Bill, it is expedient to authorise the charging of fees in respect of inspections by Her Majesty's Chief Inspector of Education, Children's Services and Skills of independent educational institutions.—*[Jim Knight.]*

4.32 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): The Minister for Schools and Learners gave a disappointingly short introduction to the motion. I hope that he will have a chance to explain the motion to the House. It relates to the fee-charging provisions in what is now clause 97, which enables Ofsted to charge fees for inspections of schools in the independent sector. The explanatory note to the Bill as originally drafted says:

> "The Government intends to use the power...to set fees for inspections that are no higher than is necessary to recover some or all of the costs associated with the inspections."

As the fee recovers costs and no more, there was no need for a Ways and Means motion to be passed by the House. The memorandum of delegated powers, which the Government published at the same time as the Bill, said that the clause

> "extends the power currently contained in s164(9) of the Education Act 2002 to require payment of inspection fees."

The aim of the power is to limit the burden of inspection of independent education institutions on the public purse. Lords amendments Nos. 81 and 151, passed in another place, went further than that: they changed the wording of the clause so that it is now possible for the fees charged to exceed the cost of the inspection. That potentially changes the nature of the fee so that it is closer to a tax. That, of course, is why a Ways and Means motion is now necessary.

Lord Adonis was uncharacteristically opaque about the reasons for these changes when he introduced the amendments in another place, saying merely that they

> "ensure that the Government's policy in relation to the setting of inspection fees...can be implemented."—[*Official Report, House of Lords*, 21 July 2008; Vol. 703, c. 1600.]

Can the Minister confirm whether the statement in the original explanatory notes that the fees will be

> "no higher than is necessary to recover some or all of the costs associated with the inspections"

is still true? If it is no longer true, why is he using these fee-charging provisions as a way of raising revenue or cross-subsidising other aspects of Ofsted's work? If, in his view, it is still true, why does he think that this Ways and Means motion is necessary?

4.35 pm

The Minister for Schools and Learners (Jim Knight): The motion in the name of my right hon. Friend the Financial Secretary to the Treasury is necessary in order to take forward the purpose of clause 97, which is to allow inspection fees to be paid annually and in advance of inspections carried out by the chief inspector. It carries forward and extends provisions already in place in the existing legislation.

As the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) said, amendment No. 81 will enable the Government to carry out their stated policy aims in relation to fees for the inspection of independent educational institutions. I think that this is the explanation that he is after. We propose that an annual inspection fee will be paid by all independent educational institutions, which will spread the cost of an inspection every three years, and that fees may be charged in advance of the inspection. One or more fees may be charged in relation to an individual inspection. That will allow for a fee to be paid each year where an inspection takes place every three years. This approach replaces the inspection fee system whereby schools were expected to pay their fee either in a lump sum immediately after inspection or in two instalments. Allowing institutions to spread the cost will help small institutions and those with limited budgets who may struggle to pay under the current system.

The annual fee, which we expect to be paid in October each year, will be calculated on the basis of the head count contained in the preceding annual return. Pupil numbers may fluctuate upwards or downwards, which means that in some cases the cost of the inspection may not reflect the fee paid. However, fees will be recalculated every October to take account of the latest available pupil numbers taken from the January annual return. That will minimise any under-charging or over-charging. In effect, the explanatory notes are right, but there is that small margin for error. It would not be practical to look at pupil numbers more than once a year for the purposes of setting that year's annual fee, as the January annual return is the only source of pupil numbers. I know that the hon. Gentleman is a great champion of reducing burdens on independent schools.

Kelvin Hopkins (Luton, North) (Lab): Does my right hon. Friend agree that independent schools already get a very generous subsidy from the taxpayer through tax benefits arising from their charitable status?

Jim Knight: My hon. Friend must be careful to be fully cognisant of the whole range of independent schools, not only those that might be members of the Independent Schools Council, for example. The Charity Commission is ensuring that independent schools that have charitable status are earning it, and I am happy to see the difference that the new head of the commission is making in that regard.

There may also be a very small number of cases in which an institution, having paid fees in advance, closes before the periodic inspection takes place. Amendment No. 81 contains a power that will allow fees paid in such cases not to be refunded. This policy is to prevent institutions from exploiting the system by temporarily closing before an inspection is due. If refunds were made, institutions could then apply to re-register and pay only the initial registration fee, which we propose would be £500. In the majority of cases, that sum would be considerably lower than the fees refunded. There would be nothing to stop an institution continuing to exploit the system indefinitely if refunds were allowed.

I should reiterate that overall we intend to use the powers in order to set fees that are no higher than is necessary to recover some or all of the costs associated with inspections. I hope that with that clarification the House will be happy to approve the motion.

Question put and agreed to.

EDUCATION AND SKILLS BILL (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions),

That the following provisions shall apply to the Education and Skills Bill for the purpose of supplementing the Orders of 14th January and 13th May 2008 (Education and Skills Bill (Programme) and Education and Skills Bill (Programme) (No. 2)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Steve McCabe.]*

Question agreed to.

Orders of the Day

Education and Skills Bill

Lords amendments considered.

4.39 pm

Mr. Deputy Speaker (Sir Michael Lord): I draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 1 to 23, 28, 32, 40, 81 and 151. If the House agrees to any of these Lords amendments, I shall ensure that the appropriate entry is made in the Journal.

Clause 22

FINANCIAL PENALTY FOR CONTRAVENTION OF SECTION 21

Lords amendment: No. 1.

The Minister for Schools and Learners (Jim Knight): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 2 to 23, 33 to 39, 174 to 177 and 191.

Jim Knight: I would like to speak first to amendments Nos. 1 to 23, and 38. I welcome the careful scrutiny that the Select Committee on the Constitution gave to the Bill. I also welcome the Committee's detailed and helpful comments on duties on employers, related sanctions and rights of objection and appeal. The enforcement powers that local authorities have in relation to employers will be used only as a last resort, and would always be preceded by informal engagement with the employer. We will also consult employer organisations to develop clear guidance for employers to ensure that they fully understand what is expected and do not risk facing enforcement action. However, should enforcement provisions need to be used, the Government agree it is important to be absolutely clear that employers have rights of objection and appeal. These amendments ensure that this is the case.

Amendments Nos. 174 and 176 give effect to one of the recommendations of the Delegated Powers and Regulatory Reform Committee. They ensure that any regulations setting the amount of the financial penalty that a local authority can impose on an employer who has failed to comply with their duties would be subject to the affirmative procedure, except where those regulations reduce the amount of the penalty. The Committee recommended that the affirmative procedure would be needed only for the first use of the regulation-making power, and for any subsequent regulations that raised the amount of the penalty by more than inflation. However, as it proved difficult to link the provisions to inflation in this way, we have gone beyond the Committee's recommendation and proposed the affirmative procedure for every use of these regulations, except where they reduce the amount. I am grateful to the Committee for its careful scrutiny and constructive recommendations.

Amendments Nos. 33 and 34 clarify that the duties on employers in chapter 3 apply in relation to employment in this House and in the other place. It is right that that employment should count for the purposes of the duty to participate, and that the duties to check that a young person is in education or training and release them to attend should apply, to ensure that young people can participate in the necessary learning. But, as is the custom, it would not be appropriate for local authorities to have powers of enforcement against this House or the other place, so the amendments clarify that the provisions in chapter 3 relating to enforcement do not apply. Amendment No. 35 is a consequence of the previous amendments, and the relevant definition is included in the new clause and can therefore be deleted from this one.

Amendments Nos. 36 and 37 are minor and technical amendments to aid interpretation of the Bill. Amendment No. 36 replaces the definition of a member of the House of Commons staff in the Bill with a reference to the existing definition in the Employment Rights Act 1996, and amendment No. 37 makes provision for who is to be treated as the employer in relation to House of Commons staff.

We discussed questions relating to Wales on Report in this House, and my hon. Friend the Member for Ogmore (Huw Irranca-Davies), the then Under-Secretary of State for Wales, committed that we would

> "ensure that the Bill is drafted in such a way that it enables all aspects of the policy to be capable of application in Wales in future".—[*Official Report*, 13 May 2008; Vol. 475, c. 1287.]

My hon. Friend now occupies the office that I used to occupy in the Department for Environment, Food and Rural Affairs—and it a very comfortable one. I am pleased to see my hon. Friend the Member for Caerphilly (Mr. David), the new Under-Secretary of State for Wales, in his place. I take this opportunity to congratulate him.

Amendments Nos. 39, 175, 177, and 191 enable the duties on employers in chapter 3 of part 1 to be applied to Wales in future, should the Assembly Government, having studied the impact of the legislation in England, decide to acquire the legislative competence to raise the participation age in Wales and bring forward a measure to do so. We think it important that duties on employers on either side of the border should be the same if the participation age is the same, so that the system is easy to understand and potential burdens on employers are minimised. The amendments ensure that should the participation age be raised in Wales, and should the Secretary of State use his power to apply the provisions in chapter 3 to Wales, any order he made would be subject to the affirmative procedure, and that Welsh Ministers would need to be consulted first.

I hope that hon. Members will agree that this group of fairly technical amendments improves the Bill, and I commend the amendments to the House.

4.45 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I am grateful to the Minister for that clear explanation of the group of Lords amendments. He cited the House of Lords Select Committee on the Constitution, but I do not believe that he mentioned the letter of 11 June from my noble Friend Lord Goodlad.

Given that Lord Goodlad was a former Chief Whip in this House, I was already convinced that everything he said in that letter was true. However, I was even more convinced once I had read it. Lord Goodlad makes the important point of principle that

> "where the executive branch of government is given powers to impose penalties, minimum standards of administrative justice should be in place to safeguard people from wrongful impositions of demands for compliance or payment of financial penalties (whether because of a factual mistake or legal error on the part of the public authority). "

He refers to the common law principle of audi alteram partem. As one of the last generation of state-educated pupils to learn Latin, I can tell the Minister that that means "Hear the other side." It leads Lord Goodlad to ask why the Bill contains no express obligation to hear the employer's side of events before a compliance or penalty notice is imposed. He goes on to ask, in English, why the Bill contains no express provision for reviewing enforcement and penalty notices.

The next matter of concern that my noble Friend raised relates to appeals. He said:

> "In situations where an executive branch of government is empowered to impose sanctions, especially financial penalties, it is of great importance that accused persons have access to an independent court to question the legality of a penalty."

Lord Adonis, in his response of 1 July, replied that, as the fine would be a civil penalty, recoverable through the county court, the employer would have the opportunity to put his case and effectively provide an appeal. However, Lord Goodlad said:

> "We believe that as a matter of principle there ought to be express provision for an appeal to enable the person subject to a penalty to challenge the factual and legal basis on which the penalty has been imposed."

He went on to cite the express appeals provision in clause 39 of the Pensions Bill, which creates a right of appeal to a tribunal.

Lord Adonis's response was:

> "We did not think it desirable to provide for rights of appeal because this would mean establishing a new body to hear such appeals. Unlike the Pensions Bill where there is a natural body to hear appeals (the Pensions Regulator Tribunal) we would have to create a new independent body to hear such appeals which did not seem justified in the circumstances".

It is therefore slightly odd that the amendments, especially amendment No. 4, create an appeal to the first-tier tribunal.

Conservative Members agree that, following the letter from the Select Committee, it is important to provide a right of appeal. However, it would be helpful if the Minister explained the discrepancy between the point in Lord Adonis's letter that a new body would have to be established, and the amendment, which states that the appeal is to be made to first-tier tribunal. Which first-tier tribunal? Lady Morgan, the Minister in another place, provides no explanation. Perhaps the Minister could let us know during the debate.

I am baffled—as a result, I am sure, of my ignorance of the new arrangements for the tribunal service—about to which of the various chambers and tribunals an appeal could be made. Would it be to the social entitlement chamber, which covers the asylum support tribunal, the social security and child support appeals tribunal and the criminal injuries compensation appeals panel? Would it be to the war pensions and armed forces compensation chamber? The most likely candidate is the health, education and social care chamber.

Jim Knight: Let me relieve the hon. Gentleman of his pain. The appeals would be heard by a general regulatory chamber of the first tier. One of the aims and advantages

[Jim Knight]

of the new tribunal system is to avoid a multitude of small chambers. Given the small number of appeals likely, we do not think we need a chamber specifically for such appeals.

Mr. Gibb: I am grateful for that response, which is on the record and will be helpful to those outside.

Let me return to Lord Adonis's comments in his letter of 1 July. In that letter he said:

> "the enforcement system against employers is not a criminal one, and would culminate in a financial penalty recoverable through the County Court".

The point to note is that we are talking about a civil penalty. For employers, the punishment for not complying with the Bill—that is, for not providing training or time off for training—is a civil one, whereas the punishment for the 16 or 17-year-old who does not participate is a criminal one. It is the fact that the Bill seeks to criminalise young people that has raised so many concerns. We all share the aspiration of increasing participation in education or training to the age of 18, but how will it help a young person if he or she sets out on their career saddled with a criminal record?

The Children's Rights Alliance for England, the British Youth Council and the Association of School and College Leaders all oppose the provisions that introduce criminal sanctions, even though they might support the general aims of the Bill. The Prince's Trust, which has vast experience of helping the very group the Bill is principally aimed at, is concerned about criminalising young people. In her evidence to the Public Bill Committee, Martina Milburn, the trust's chief executive, said:

> "the bulk of the 40,000 people who we worked with last year had issues with drugs and alcohol. What do you do with a young person who is already going down the path of taking too many drugs and drinking too much and who just says, 'I'm not going to do it' and disappears?...Do you increasingly criminalise young people...or do you find some way of trying to reach them and sort out some of their issues?"—[*Official Report, Education and Skills Public Bill Committee,* 22 January 2008; c. 16, Q36.]

My noble Friend Lady Morris fought valiantly in another place to try to find a way for the Bill's objectives to be achieved without recourse to criminal law. On Third Reading she said:

> "while we share the Government's ambition to see each and every 17 and 18-year old receive the best education or training to help them realise their full potential...Our desire in all this was to ensure that no young person received a criminal record simply because they were disaffected with the system, especially at such a critical age and stage of their life, when a criminal record could be disastrous."—[*Official Report, House of Lords,* 11 November 2008; Vol. 705, c. 556.]

The Government have argued that penalties cannot be imposed except by using the criminal process, but it seems that civil penalties can be imposed on employers, whether they be individuals or companies. The Government say that the civil procedures are not designed for those under the age of 18, but again, I am not sure whether that is true. The county courts are very used to dealing with rent and money issues affecting 16 and 17-year-olds. The Government also say that if a civil penalty is not paid, the ultimate sanction is jail, which the youth court process that the Bill uses cannot resort to. However, most civil penalties are enforced through attachment of earnings orders. It cannot be beyond the wit of parliamentary draftsmen to ensure that those are the only remedies in law for ensuring the payment of civil penalties of £200 or less in such circumstances.

On the provisions concerning parliamentary staff, which the Minister mentioned and which the amendments would change, it is clearly right that all the duties and rights that young employees generally have should also apply to staff in the House of Commons and another place. As Lord Adonis said in Committee in another place:

> "It is right that this employment should count for the purposes of the duty to participate—and the duties to check that a young person is in educational training...However, it would not be appropriate for local authorities to have powers of enforcement against this House or another place."—[*Official Report, House of Lords,* 17 July 2008; Vol. 703, c. 1424.]

I take the point, but it might be helpful if the Minister could explain why that would not be appropriate. Does that also mean, for instance, that the House of Commons authorities cannot be prosecuted for breaches of health and safety regulations or for the standards of hygiene in the kitchen? It would be helpful to have an answer to the latter point before 8 o'clock this evening or before any of us pops out for a cup of tea and a muffin in the canteen.

Bob Spink (Castle Point) (UKIP): I rise briefly to speak about criminalising young people. It is in the nature of things for 16 and 17-year-olds to be disaffected and to baulk at participation. There is a great feeling that the Government have not done enough to find a way around the problem of criminalising them. We currently have too big a Government, with too much interference in people's lives and too much of a nanny state. I urge the Minister—he is a good man who understands these things clearly—to look at the problem again and find an innovative way round it.

Jim Knight: We will return to those points in the next set of amendments, so I will deal with them then, rather than now.

I am grateful to the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) for pointing out Lord Goodlad's letter and the importance of audi alteram partem, meaning "Hear the other side", which is what we have been doing throughout the process in the Lords. We will be debating the various ways in which we have been listening to the other side throughout today's debate.

The hon. Gentleman underlined the reasons why we believe that the principle of having appeal is right, on reflection. I believe that I answered his question on the first tier of the new tribunals system that is in place thanks to the Tribunals, Courts and Enforcement Act 2007. To some extent, when the Bill was originally drafted and scrutinised in the Commons, the measures that are now in place in respect of that Act were not in place. It is therefore appropriate that we now take cognisance of them.

The hon. Gentleman asked questions about civil versus criminal sanctions. I suspect that when we deal with the next set of amendments we will probe in a little more detail whether criminal sanctions are appropriate for young people on top of the range of things that are in place to encourage them to participate. However, it is appropriate that we have civil and not criminal sanctions for employers. The enforcement system for employers is not criminal. It culminates in a financial penalty that is recoverable through county courts, in which employers have the opportunity to present things from their perspective having used the right of appeal, if they so wish. That is appropriate, and we will discuss in a minute whether the measures for young people are appropriate. In essence, as the hon. Gentleman knows because we have discussed the matter at some length both in the Chamber, in Committee and in private, I believe that the youth court, because it is specifically designed to deal with training and sanctions for young people, is the appropriate body to deal with those matters for young people.

On the basis of those explanations, which I hope are adequate, I hope that the House will support the amendment.

Lords amendment agreed to.

Lords amendments 2 to 23 agreed to [Special Entry].

Clause 44

VARIATION AND REVOCATION OF ATTENDANCE NOTICE

Lords amendment: No. 24.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 25 to 32, 40, 173, 178, 179 and 211.

Jim Knight: I welcome this second group of amendments that were made in the other place and I believe that we therefore have a stronger, fuller and better Bill. This group makes further refinements to the support and enforcement system for young people, which is probably the most controversial and debated aspect of the Bill.

Amendment No. 40 enables a local authority to enter into learning and support agreements with young people. In a learning and support agreement, the local authority would agree to provide support and learning activity, and the young person would agree to comply with certain requirements. The young person must be involved in the process of identifying their needs and the best way to address them, and in negotiating the requirements that they in turn agree to stick to. That something-for-something approach is the model for our activity and agreement pilots aimed at 16 and 17-year-olds who are not in employment, education or training—or NEET—the evaluation of which will report fully later on in the year. Early signs are very promising that it is an effective approach to which young people respond positively. When we debated learning agreements in this House, I always said that they were best practice.

Contracts or agreements are also widely used by voluntary sector organisations, such as Barnardo's and Rainer, in their programmes to support young people's transition back to formal learning. The idea is popular with young people. Learning and support contracts serve to emphasise that both the local authority and the young person have responsibilities, and I hope that the House will support the amendment.

Amendment No. 24 is a minor amendment that makes it clear, for the avoidance of doubt, that where a variation is made to an attendance notice, as provided for under clause 44, all the requirements about the description of education or training in the notice apply as they did to the original notice. So the education or training must satisfy the central duty to participate, be suitable for the young person and so on.

5 pm

Lords amendments Nos. 25 and 26 give effect to another recommendation of the Delegated Powers and Regulatory Reform Committee. The amendments would ensure that the amount set in regulations for the financial penalty to be given to a young person could never exceed the maximum fine that a young person could receive in a youth court, which is currently £200. We have already said that, in practice, the financial penalty for young people would be significantly less than that figure, and I am grateful to the Committee for its careful scrutiny of the Bill.

On amendments Nos. 27 to 31, 173, 178, 179 and 211, the Government believe that very few young people will reach the enforcement process, and I hope that very few—if not none—will reach the very end of it. If a young person fails to participate, a local authority must engage with them, find them an option that suits them and help them to take up learning again. Even after enforcement action has been formally started, there will be a process of administrative sanctions, support and dialogue with a young person before they can reach the youth court.

I remind the House that the local authority needs to engage with the young person and offer them appropriate learning and support. If that is not taken up, a formal offer will be made, followed by an attendance notice, and if that does not work, the matter will go to the attendance panel. In turn, if the young person still fails to engage after that fourth stage, a fixed penalty notice will be issued by the local authority to avoid the need to enforce the matter through the courts. If the young person then fails to pay the fixed penalty notice, there is a right to appeal to the attendance panel. It is only then, if the attendance panel agrees with and confirms the need for the notice, that the matter goes to the youth court. That is at the end of a very long process with many stages, and if a young person re-engages in learning or has a reasonable excuse at any one of those stages, all enforcement action will cease.

Mr. Graham Stuart (Beverley and Holderness) (Con): The Minister says that if the young person goes back into education, all enforcement action will cease. Does that mean that they could continually engage with the enforcement process and go back enough to return to ground zero again? How will he ensure that they do not take the mick out of the system?

Jim Knight: Naturally, we are concerned about mick-takers, so the process would not go all the way back to the beginning. In the end, the matter would come down to the judgment of the attendance panel, at the points at which I have described it working. If someone came back before the panel pretty rapidly and its members felt that they were a mick-taker, the panel would want to move pretty rapidly through the rest of the stages. I hope that that satisfies the hon. Gentleman in respect of such individuals.

[Jim Knight]

Should enforcement action be taken against a young person, however, it is the Government's clear position that no young person should enter custody as a result of committing the offence of failing to comply with an attendance notice without reasonable excuse. We are satisfied that there are sufficient safeguards in place to ensure that that will not happen to those aged under 18, and custody will not be available to the youth courts in respect of defaulting on the payment of a fine. Furthermore, we do not believe it is realistic that, in practice, any court would impose a custodial sentence for non-payment of a level 1 fine on someone more than 18 years old. However, the amendments would achieve greater certainty on that point and remove even the theoretical possibility of the situation occurring by transferring from the magistrates court to the county court the enforcement of a fine imposed for that offence only once the individual concerned had turned 18.

Building on all that, I turn finally to Lords amendment No. 32, which would introduce a commitment to undertake a review of the enforcement process for young people who did not comply with the duty to participate, so that we might be clear that the system was effective in reinforcing compulsion, and learn any lessons to improve the system. We have said that the review would be completed by 2016, allowing it to examine experiences of the first cohort to be required to stay until they were 18 years old. The review would also be chaired by someone who was independent to ensure that it was robust. The purpose of the review is to make sure that the support and enforcement system achieves what we want it to do—make sure that young people participate so that they can achieve, progress and reach their full potential.

The group of amendments to which I have spoken serves only to strengthen the support provisions for young people and ensure that the enforcement system is robust and fair. I commend the amendments to the House.

Mr. John Hayes (South Holland and The Deepings) (Con): We are pleased to return to our measured consideration of these important matters, which absorbed a good deal of the debate in Committee and the House of Lords. We are grateful to the other House for its close consideration, which gives us a chance to debate these matters again. Without at all wishing to crow, I should say that the Government have had a chance to think again about some of the arguments advanced in Committee regarding the issue of criminalising young people, which so concerned Opposition Members.

Amendments Nos. 27 to 31, 173, 178, 179 and 211 ensure that ordinary adult fine enforcement procedures do not apply in the case of persons not complying with an attendance notice. Amendment No. 28 ensures that even pre-18-year-old offenders are dealt with in magistrates courts and that those over 18 are dealt with in county courts. Neither court has the capacity to impose custody, as the notes on the amendments make clear. Amendment No. 29 ensures that if the offender fined is over 18, they are dealt with in the county court. Amendments Nos. 28, 30 and 31 allow the Lord Chancellor to make further detailed provisions. Amendments Nos. 173, 178 and 179 are consequential amendments, inserting the words "or Lord Chancellor" after "State". Amendment No. 211 invokes the Criminal Justice and Immigration Act 2008 to allow magistrates courts to revoke youth default orders when the individuals concerned reach 18 and apply new fines, depending on how the young person has complied with the order. Again, the county court will deal with that.

As an Opposition, we fully support the move to civil law, preventing custodial sentences and the utilisation of learner support agreements that delay the use of fines. The Minister has said a word about that issue today, and we debated it at length in Committee. We made the case consistently during the passage of the Bill and are pleased that the Government have finally agreed the position that we adopted at the outset. Time and again in the evidence sittings in Committee we heard that young people might be criminalised. That was of concern not only to the young people themselves, but, as my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) has mentioned, to many of the organisations that work most closely with the disadvantaged.

As compassionate Conservatives, we make no apology for allocating a disproportionate concern, energy and intellectual capital to the defence of the most vulnerable in our country, particularly young people. The experience of those who deal with young people—particularly disengaged and troubled young people—was made clear by their evidence. Those with such experience believe that if such young people were stigmatised or criminalised they could become entirely disengaged and impossible to re-engage in the education process. As my hon. Friend the Member for Bognor Regis and Littlehampton mentioned, the Prince's Trust waxed eloquent on that subject. I take this opportunity to wish His Royal Highness the Prince of Wales a happy 60th birthday; without him, there would not have been a trust to give the evidence that so informed our consideration and in the end persuaded the Government to change their mind. He is surely the greatest living Englishman.

A representative of the Prince's Trust told us that

> "the bulk of the 40,000 people who we worked with last year had issues with drugs and alcohol. What do you do with a young person who is already going down the path of taking too many drugs and drinking too much...The question is how you deal with that. Do you increasingly criminalise young people and just say, 'Right, we're going to lock you all up,' or do you find some way of trying to reach them and sort out some of their issues?"—[*Official Report, Education and Skills Public Bill Committee*, 22 January 2008; c. 16, Q36.]

The evidence graphically illustrates that young people in the greatest need are least likely to benefit from a Bill that coerces them and ultimately—if they do not abide by their duties—criminalises them. We heard similar evidence from the Association of School and College Leaders, which said in its briefing on the Bill that its preferred approach to achieving full participation was persuasion rather than coercion.

There is no lack of commitment among those on the Conservative Benches to the principle of increasing the participation of post-16-year-olds in education. Indeed, we regard ourselves as at the forefront of that campaign. However, we believe that we are most likely to achieve such participation by inspiring, encouraging and moving the hearts and minds of young people, rather than by coercion.

In Committee, the Minister made it clear that he believes that the vast majority of young people, including many who are disengaged, can be re-engaged—not by compulsion, but by the quality of the offer that the Government would seductively place before them. Furthermore, when I pressed him closely on that, he acknowledged that there would always, notwithstanding that seductive offer, be a certain number who played truant. Truancy is at its highest level for 10 years, as the Minister must know. The percentage of half-days lost to truancy across all schools last year rose, and was higher than at any time since the Government came to office. Recently, they dropped their target to cut truancy, as he will know. We are therefore still concerned about the recourse to fines and youth courts, which should be a last resort.

On Report in the other place, Baroness Morris of Bolton said that

> "while we share the Government's ambition to see each and every 17 and 18-year-old receive the best education or training to help them realise their full potential, our main concern throughout the Bill has been the issue of compulsion and the attendant sanctions this brings.…The Government constantly reassure us that the checks and balances put in place by the Bill will make criminalisation extremely rare. We hope that it will not happen at all. However, we welcome the independent review offered by the Government."—[*Official Report, House of Lords*, 11 November 2008; Vol. 705, c. 556.]

Now we have the Government acknowledging the strength of the argument that we advanced in the Commons, but one or two questions remain. The Minister will want to make these matters perfectly clear, and we want his concession to be laid before us in the fullest detail.

The first point concerns the scale of fines. The Minister has been helpful today, and the explanatory notes state in this respect that fines will be defined around the standard scale for summary offences at level 1. It would be helpful to have some feel for what that is. For the record, it would be useful to take this opportunity, in the House, to put some numbers to it.

Secondly, the Minister will know that in Lords amendments Nos. 27 to 31, 173, 178 to 180, and 211, we deal with fine enforcement. It is clear that

> "failure to comply with an attendance notice without reasonable excuse"

will lead to further action. Again, it would be helpful if he defined "reasonable excuse". It may be a standard legal definition or particular to this area of law, but it would be helpful to put the matter on the record.

On the agreements that are to form part of the relationship between Connexions and young people dealt with in amendment No. 40, it would be helpful if we knew more in relation to young people with particular needs. I have in mind young people with special educational needs who may have a statement. Needs are defined in the Bill, as I understand it, but what about SEN and what about young people who may be particularly disadvantaged in making such agreements, and in so doing enabling themselves to comply with the law? Will the Minister say a word about that?

I leave the Minister with those few words and questions. It is good news that the Government are gradually coming around—they certainly are not kicking and screaming; as we saw today, there was far more elegance in the Minister's performance than that—to our point of view.

Mr. David Laws (Yeovil) (LD): I know that the Minister will be disappointed if I do not speak to this group of amendments, especially when doing so gives me an opportunity to praise my colleagues in the other place. I believe that they were the moving force behind Lords amendments Nos. 40 and 32. I shall not detain the House too long, as the hon. Member for South Holland and The Deepings (Mr. Hayes) has already done a comprehensive job in speaking to this group. I am sure that the Prince of Wales will be moved by the hon. Gentleman's tribute to him, just as we are all moved by the hon. Gentleman's modesty. Most of us here thought that the hon. Gentleman was the greatest living Briton, so it was remarkably generous for him to give the accolade to someone else.

5.15 pm

Let me deal first with Lords amendment No. 40, which introduces what the Government now call learning and support agreements. Those agreements sound remarkably similar to the learning and support contracts that my party sought to include in the Bill, and which I believe have Conservative support. I would be interested to hear from the Minister what was convincing about the learning and support agreements that was not similarly convincing in respect of the learning and support contracts.

The Minister will recall from earlier discussions on this issue, to which we returned on a number of occasions, that one of our concerns was that there should be an alternative to being in education and training for young people who really needed support for a period, perhaps on account of mental or general health issues, family issues and so forth. The Minister included some of those issues in a letter to me, which helped me to anticipate the Government's thinking.

Will the Minister clarify precisely when and how the learning and support agreements will be used? Our hope all along was that they could be used in place of education and training in circumstances where it was difficult, because of other problems, to get a young person to engage in education and training. I am still somewhat unclear from Lords amendment No. 40 about the precise circumstances in which the learning and support agreements could be used. Subsection (4) of the new clause set out in the amendment states:

> "The learning and support agreement must include provision (whether or not in the form of a learning and support condition) relating to the young person's participation in education or training."

Does that mean, as I fear it may, that the learning and support agreements are to be used only to support a young person who must be in education and training at the same time as engaging in the agreement, or does the Minister envisage the possibility of a young person, with the agreement of the local authority, being in a learning and support agreement that provided the sort of support necessary for going into education and training, but before formally engaging in the education and training that were previously a condition and requirement of the Bill? Clarification on that point would be helpful.

We also welcome the Government's attempts to avoid the custodial option for young people against whom enforcement action is being taken under the Bill. That obviously goes nowhere near as far as we would like, because of our fundamental concerns about the Bill. We continue to worry about the effect of taking this enforcement action against young people who may not be complying—in some cases, for perfectly good reasons—with the measures in the Bill. Removing the custodial option is very welcome indeed.

Ministers made a further concession to my excellent colleagues in the other place regarding Lords amendment No. 32, which promises a review in 2016. That might seem a somewhat modest achievement, but we hold out the hope that the review may cause the Government at least to rethink if serious problems come to light in the policy of applying criminal standards to young people for failing to comply with education and training requirements. The explanatory notes suggest that, as the Minister indicated earlier, the report is to be made in 2016, but I may have missed some detail that clarifies that that is a certainty.

I note, however, that the proposed subsection (2) set out in Lords amendment No. 32 states:

> "The person appointed must make a report to the Secretary of State on the review within a reasonable period after the school leaving date for 2016."

Have the Government already determined that "a reasonable period" means that the review will take place in 2016? Given the description in the explanatory notes of the type of review that the Government envisage, will the Minister put it on record that there is nothing to prevent the review's conclusions from leading to a fundamental rethink by the Government about the policy of applying a criminal standard to young people who fail to comply with education and training requirements?

The amendments fall a long way short of what we would really like to see in the Bill, but they are welcome concessions none the less, and we hope that after the Minister has spoken we shall be able to welcome them even more warmly.

Bob Spink: This is indeed a controversial set of amendments. Of course we all want to improve the life chances of 16 and 17-year-olds, but it is best to do that by means of inspiration and the creation of opportunities for them, rather than by means of compulsion. There are enough ways in which youngsters in that age group can get into trouble without our creating yet another. That smacks of unnecessary interference in people's lives, bigger government and the nanny state. I am surprised at the attitude of Opposition Front Benchers to the amendments, and also at the lack of interest in them; very few Members are present to debate them.

I have not yet heard how many administrators and other additional staff will be needed to police the new system, what the cost will be, and how we will stop local authorities and others from doing what they do in this country—gold-plating the regulations, and taking them rather further than the House expects them to be taken. We have heard little about how we will prevent the youth courts from becoming bottled up if that happens. The Minister said that very few cases would end up in the youth courts, but we have heard such undertakings in this place before, and quite the contrary turns out to be the case when the laws are rolled out. We have not been told how, in the last resort, the payment of fines will be enforced. Unless a sanction is enforceable, it will be meaningless. As was stated by both Front-Bench spokesmen, there will be micky-takers in the system.

We do not need this nanny-state measure. What we do need is the provision of real opportunity and inspiration for young people. We must provide ladders, so that when they reach an age at which they decide that they want to acquire skills and education they are able to do so, rather than enacting measures to criminalise them.

My constituency contains six secondary schools that will need to increase their capacity considerably because of the additional participation of people aged between 16 and 18. Four of them are oversubscribed. There are waiting lists, and people are turned away. People write to me every week asking how they can get their kids into those four schools. However, Essex county council is closing one of them, and is allowing the borough council to sell the school playing field so that hundreds more houses can be built. What will the Minister do to ensure that resources are available to enable children in that age group to take advantage of further education?

Some of those questions really do need to be addressed. I strongly believe that the Minister should think again before criminalising young people.

Mr. Graham Stuart: I agree with the hon. Member for Castle Point (Bob Spink) that the Bill's provisions are one more attack on liberty by this new Labour Government. We are now in the 12th year of this Labour Government, and one would hope and expect a Labour Government to put resources and effort into raising opportunities for those with least, but instead there are now more than 1 million young people in the 16-to-24 age group who are not in employment, education or training; that means that more than 1 million young people are missing out on either work or training. On Government figures, that is a 15 per cent. increase in the number of people in that predicament since 1997. *[Interruption.]* I do not know what the Under-Secretary of State, the hon. Member for Birmingham, Erdington (Mr. Simon), is muttering about; he is free to intervene on me, if he wants to correct me.

The Government's policy has failed young people. It has failed them in terms of vocational educational opportunities, for instance. This year's big new measure is to do with diplomas, but just 0.5 per cent. of the cohort have taken advantage of it, and there is a real risk that it will fail. Apprentices are the other key area of opportunity for people who have not succeeded as they might have wished in academic pursuits. The Government claim that the number of apprenticeships has increased from 75,000 in 1997 to 250,000 in 2007. The Minister for Schools and Learners is nodding, and that statistic would suggest excellent Government progress, but the House of Lords Economic Affairs Committee reported in June 2007 that

> "most of this increase has been as a result of converting government-supported programmes of work-based learning into apprenticeship."

In other words, they are not real apprenticeships.

In this 12th year of failure by this Labour Government to provide the inspiration—a word used by the hon. Member for Castle Point—for young people to engage with learning, the Government have now come up with the heavy-handed response of bringing in compulsion, and of setting up the bureaucratic nightmare, which was apparent from what the Minister for Schools and Learners said, of local authority committees and groups pursuing young people who have been let down by the education system. Instead of pressure being put on the education system and local authorities to deliver in a way that captures the imagination of these young people, the young people who have been let down are to be pursued so that they face a bureaucratic nightmare that can lead to fines, criminalisation and stigma. This is not the right way to respond to the difficulties the Government have had in reaching such young people.

On the issue of compulsion, I seek reassurance from the Minister as to what steps he is planning to take to ensure that young people in further education colleges or schools who want to learn do not find that that is disrupted by those who have been dragged into classrooms by the bureaucratic process the Minister described. Can he also put me right on one other point I am concerned about? As a result of this measure, if there is an outstanding young student who at, for example, the age of 17 completes their school education and wins a scholarship to one of our top universities, but who wants to take a year off, will they be able to do so, or will they be compelled to be engaged in education for that year? *[Interruption]* The Under-Secretary says that, according to my figures, they would be NEETs. The truth is those figures are provided by Government, and the Under-Secretary is quite free to get to his feet rather than—

Mr. Deputy Speaker: Order. If we are to have interventions from either side of the House, that must be done in the normal way, and not from a sedentary position.

Mr. Stuart: Thank you very much for that, Mr. Deputy Speaker. I am aware of your role as protector of Back-Bench Members, and we should be able to challenge Ministers, and they should not intervene from a sedentary position. If the Under-Secretary wants to correct the figures, he is free to do so from the Dispatch Box, but he does not do so.

Bob Spink: Is the hon. Gentleman as concerned as I am about the reasonable excuses that youngsters who decide not to participate can put forward? Does he think that that will be a bureaucratic nightmare? Can he think of any reasonable excuses? Does he know how far they will go, or how we will get consistency of interpretation of such reasonable excuses across the country, from Dorset to Yorkshire to Northumberland? Has he asked any of these questions?

Mr. Stuart: The hon. Gentleman is right to raise that point. Indeed, my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) posed just such a question to the Minister, and I hope that he will be able to clear it up. The fear is that there will be inconsistency, that different areas will apply this provision in different ways, that the guidance is poor and that this legislation has not been properly thought through.

A central tenet of this Bill was to criminalise and ultimately to jail young people. That has been rightly dropped, but the fact that it was in the Bill until such a late stage suggests that it, like so many of the new Labour initiatives of the past 12 years, has not been properly thought through. Yet again, those with least in our society will be let down by a failing Labour Government.

5.30 pm

Jim Knight: What an interesting debate—it reminded me of the Second Reading debate of all those months ago. I am not going to get distracted by the new Tory party policy on who the greatest living Briton is, but I certainly join the hon. Member for South Holland and The Deepings (Mr. Hayes) in wishing His Royal Highness a happy 60th birthday.

The hon. Gentleman raised questions associated with absence and what he would call truancy rates. I remind him that, by the end of spring 2007, the absence rate stood at 6.44 per cent., on track for a rate for the year as a whole of 6.5 per cent.—the lowest on record. In secondary schools, overall absence fell to 7.76 per cent. in the first two terms of 2006-07, compared with 8.16 per cent. for the comparable period in the year before and 9.07 per cent. in the whole of 1996-97. We certainly take no lessons from the Conservative party in respect of truancy.

The hon. Gentleman mentioned people who are not in education, employment or training—NEETs—and I shall deal with that point in a short while. He also discussed the views of stakeholders on compulsion and enforcement. I do not argue with his version of events in respect of the witnesses who came before the Public Bill Committee, because there were certainly those who disagreed with compulsion, but I remind him that some agreed with it.

The chief executive of Barnardo's, Martin Narey, told us that

> "ultimately, after all the safeguards within the Bill"—

this is an important point—

> "our position is that we support compulsion as a means of ensuring that the most disadvantaged young people have their horizons broadened and are prepared for a world of work, rather than a world of benefits and long-term poverty."—[*Official Report, Education and Skills Public Bill Committee*, 22 January 2008; c. 4. Q1.]

He went on to say all sorts of wise and helpful things.

Even the National Union of Teachers said:

> "The impact of saying, 'This is now our expectation', will move everything forward. The penalty is a minor issue."—[*Official Report, Education and Skills Public Bill Committee*, 24 January 2008; c. 137. Q321.]

In addition, the Prince's Trust, the very organisation to which the hon. Gentleman referred, stated:

> "If you make it compulsory and you put in adequate resources…then it would make a big difference because, yes, you would get that shift on the ground."—[*Official Report, Education and Skills Public Bill Committee*, 22 January 2008; c. 21. Q52.]

This policy seeks to create that shift on the ground.

We agree with the Association of School and College Leaders that we are after persuasion rather than coercion, but we do not rule out coercion, at the end of the road, as a way of galvanising the whole system around children and, in particular, the journey that the current year 7s are going through as the first cohort to which this will apply. The fact that they know that they will not drop out and will stay on, and that everyone who works with them knows that that will be the case, will have a hugely galvanising effect on the whole system—it is certainly having a galvanising effect on my Department. Of course, enforcement is the last resort—it must always be the last resort. I set out all the stages of enforcement showing

[Jim Knight]

that enforcement and, in turn, any form of criminalisation, is very much the last resort. As I have said, I hope that that is never needed.

Mr. Hayes: The Minister knows that he has claimed, on the record, that the majority of young people who do not stay on post-16 will be encouraged to do so by the quality of the offer that the Government make to them and, furthermore, that, whatever we do, a small number will truant. Precisely what proportion of young people is he suggesting coercion will affect?

Jim Knight: We have a compulsory school leaving age, and it is compulsory for people under the age of 16 to go to school. That does not mean that some do not truant or that we do not enforce against parents to ensure that they comply with the requirement to ensure that their children receive a proper education, be it at home or at school. It is not necessarily helpful to speculate on how that translates into numbers.

My hon. Friend the Under-Secretary told me that earlier today she met the Education Minister for the Netherlands, which brought in these measures two years ago. The experience there so far is that there is little need for enforcement. As we have said, the introduction of compulsion has changed the system. People are not asked whether they will stay on after 16, but what they will do in terms of their learning and education after that age. That is exactly the transformation that we seek to achieve.

I hope that, like his colleagues in the other place, the hon. Gentleman will support the changes that we have made. I was very grateful to Baroness Morris of Bolton for thanking not only me, but

"the Bill team for its help throughout the Bill but particularly on this issue, and the officials at the Ministry of Justice for their time and patience in reaching this conclusion."—[*Official Report, House of Lords*, 11 November 2008; Vol. 705, c. 556.]

She was very gracious in her remarks as she decided no longer to oppose our changes. However, if the Opposition feel as strongly about these provisions as the hon. Member for Beverley and Holderness (Mr. Stuart) does, they should vote against them today.

Questions were also asked about the level of fines and fees and the issue of reasonable excuse. The fine in the youth court on conviction would be a level 1 fine, and the maximum is currently £200, but it is determined according to means in each individual case—one of the advantages of the youth court route. The fixed penalty notice cannot be more than the maximum fine, but we have said that it would be significantly less. Indeed, when my right hon. Friend the Secretary of State for Health was responsible for education, he said—on the publication of the Green Paper—that the figure would be around £50 in today's prices, and I do not disagree with that.

On the definition of reasonable excuse, I wrote to the hon. Member for Yeovil (Mr. Laws) on 13 February, copying the letter to members of the Committee, to provide some further definition of reasonable excuse. I listed seven different examples of what that might mean in practice:

"If a young person is homeless, this could prevent them from participating in learning until they have a permanent residence and a more stable home life.

Health problems, whether temporary illness, long term disability or ongoing mental health issues, could prevent a young person from participating either for a short time or for a longer period, depending on the nature of the health problem, its effects and the kind of treatment required.

Where a young person has addiction problems they may be unable to participate until they have successfully completed treatment for these problems.

Fourthly, when a young person has secured a place on a course but it does not start until the next month or the next term, they would have a reason for not participating in the meantime.

After giving birth a young mother will need time to recover (for mothers of compulsory school age, guidance sets out that the normal period of time is a maximum of 18 weeks) and would not be expected to participate until appropriate learning provision and access to suitable childcare had been arranged.

Where a young person has caring responsibilities, they may not be able to participate, or participate for as many hours as we would otherwise expect, until alternative care or learning provision that fits with those caring responsibilities is in place."

The hon. Gentleman mentioned young people with special educational needs. The final example is

"if a particular learning difficulty has been identified and the right support to address it is not yet secured or in place, it would be reasonable to expect that the young person could not begin their learning programme until that support was in place."

I hope that it is helpful to have that level of detail on the record.

Mr. Hayes: It is extremely helpful to have those details supplied on the record. I asked the question so that the Minister could do just that. I wonder whether it would have been appropriate—it might still be appropriate—to put those matters on the face of the Bill, or at least to summarise them on the face of the Bill. I suspect that if they had done so the Government might have anticipated some of the concerns that have been expressed in the House and beyond this place.

Jim Knight: As an experienced Member of the House, the hon. Gentleman will know that notions of reasonableness are very common in legislation. It is important, I think, to leave flexibility for courts, attendance panels and so on to interpret reasonableness in the normal way. As soon as I start to specify details on the face of the Bill, and as soon as the House agrees to that, it creates an inflexibility that is not helpful for young people. I know that he is motivated by the wish to be helpful to and supportive of young people.

Mr. Hayes: I apologise for interrupting the Minister again, but he has helpfully said that SEN might provide the material for a reasonable excuse. My specific point was about the role of special educational needs, and particularly statements, in the learning agreements. The attendance process is to be informed by agreements so, given that that will require a definition of need, will special educational needs form part of the contract?

Jim Knight: The agreement, as it is an agreement, would be personalised. It would be individual to that learner and be in accordance with their needs. If their needs were set out in a statement of special educational needs, the learning and support agreement would clearly have to reflect that. I hope that that is helpful.

The hon. Member for Yeovil (Mr. Laws) asked a number of questions about learning and support contracts. I would say to him—the point reflects again on the subject of young people with special educational needs—that the process, in the end, is more important than the document. I think everyone agrees that it is important that there is negotiation and that the young person is involved so that both parties—the commissioner of the education in the form of the local authority and the recipient of that learning and support—understand the deal.

Our amendment puts emphasis on what has to happen, while my recollection of the hon. Gentleman's amendment was that there was more emphasis on signing the document. I know that that distinction appears to be like dancing on the head of a pin, but it is quite important. The hon. Gentleman asked whether we would use the document before enforcement, and whether enforcement would never be used when a person had unmet support needs.

Mr. Laws: The nub of it was whether the learning and support agreement could be an alternative to education and training for a period of time or whether it had to take place at the same time as the education and training requirement is provided.

Jim Knight: I think that it is possible for a local authority, if someone has particular support needs, to sequence things so that those support needs are addressed. For example, if someone was suffering from addiction and it would clearly be impractical and inappropriate to compel them to try to take part in some kind of learning until the addiction problems had been dealt with and treated, the learning and support agreement could specify the sequence of support followed by learning. I hope that that helps the hon. Gentleman. I referred in my opening remarks to activity agreements, and to some extent they reflect that scenario.

The hon. Gentleman asked about reporting. I think that I said that that would happen by 2016, so that is the time scale. I also said that we wanted to be able to reflect on the experience of the first year, so we are saying that there would be a report in 2016. He asked whether anything would stop a fundamental review following that review. Clearly, the review would be open-minded, and so if things were found that did not work, we would have to set out how we would put them right.

The hon. Member for Castle Point (Bob Spink) asked many fundamental questions about the Bill that we debated at appropriate length on Second Reading, in Committee and on Report, and equally so in the other place. I am sure that he will excuse me for a relatively brief response because the arguments have been put time and again. The costs to which he referred are in the impact assessment, which was updated after the Bill's passage through the other place, so he can read up on them. Although the economic costs of raising the participation age over and above 90 per cent. are about £766 million annually per cohort, the total economic benefit is projected as more than £1.5 billion for each cohort of young people to whom the measure applies. In essence, the calculation of a net economic benefit of £2.4 billion for a £766 million cost is at the heart of why we are introducing the measure: so I reiterate the point, it substantially enhances the life chances of a young person to carry on learning until the age of 18, and to achieve at least level 2 qualifications, ideally level 3 and beyond, but it is also for the good of the nation. If we are to compete economically with the newly emergent economies, as Sandy Leitch pointed out in his report a couple of years ago, we need to raise the general level of skills in the UK. Keeping people learning is part of our effort to raise the level of skills.

5.45 pm

I have to tell the hon. Gentleman and his party, of which he is the only representative in this place, that we have to make the difficult decision—it is not easy—of reinforcing with compulsion all the engagement, the new qualifications and everything else we are doing to encourage, cajole and persuade young people to carry on learning until the age of 18. If we do not make that decision, when will we reach the position of close to 100 per cent. participating? That is what young people need. Those who do not participate are the ones who most need to participate. It is a basic issue of social justice that the most disadvantaged are the most unlikely to participate. If we are not serious enough to support compulsion, when will that participation happen? With all due respect, I put it to the hon. Gentleman and to his friend, as he described the hon. Member for Beverley and Holderness (Mr. Stuart), that unless they are serious about compulsion and unless they support these enforcement measures, it ain't gonna happen for the young people about whom the hon. Member for Broxbourne (Mr. Walker) spoke so passionately and eloquently on Third Reading and whom the Bill will serve.

I noted the comments of the hon. Member for Beverley and Holderness—that he regards the Bill as an attack on liberty. Obviously, it is unfortunate that he regards the Bill in that way and I hope it is not the view of the whole of his party, because I think the Bill is an incredibly progressive piece of legislation for all the reasons I have just set out. The hon. Gentleman tried to talk down diplomas, a bit like his hon. Friend the Member for Surrey Heath (Michael Gove), but we have deliberately started on the basis of quality, not quantity. The hon. Member for Beverley and Holderness and I had a discussion in the Corridor a couple of weeks ago about whether he had time to see diplomas being taught and learned. At that point, he had not had time to do so. I do not know whether he has had time since then to see how excited young people are and how much teachers enjoy teaching diplomas, but I commend him to do so. We look forward to the numbers studying diplomas expanding on the basis of quality until the entitlement in 2013.

Mr. Graham Stuart: The Minister is right to say that we all aspire for the diploma to be successful. That does not stop us, as responsible Members of Parliament, noticing what is happening with them. There has been very low take-up; in fact, in the East Riding of Yorkshire one would struggle to find many students who are undertaking a diploma. That is the issue. We have to look at the world as it is. We need reassurance from the Minister that he can take steps to rectify the issue.

Jim Knight: Certainly, we are taking steps to ensure that diplomas are a good option for young people right from the word 'go', that they are taught, and will

[Jim Knight]

continue to be taught, on the basis of quality, and that they will continue to be appropriate for young people. When I have visited and talked to people studying for a diploma, and their teachers, I have heard nothing but praise for how well they are working in practice.

Mr. Laws: Has the Minister not seen the recent comments of the president of the Association of Colleges, who paints a rather different picture?

Jim Knight: Clearly, one or two individuals will have a different view. The Under-Secretary of State for Children, Schools and Families, my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry), has discussed those comments with representatives of the AOC, with which we continue to have a constructive and helpful relationship.

Turning to the issues of those not in education, employment or training, the Bill clearly seeks to engage young people in their learning. The percentage of NEETS aged 18 to 25 is broadly stable, and has been for the past 10 years. We would like to do better than that. Among 16 to 18-year-olds, whom the Bill particularly addresses, the number of NEETS is falling, and I am sure that the hon. Member for Beverley and Holderness welcomes that.

We are continuing to expand apprenticeships. I do not think that they should be written off as lightly as he hon. Gentleman likes to do. We discussed them at some length when he questioned me as I gave evidence to the Children, Schools and Families Committee. He asked about gap years; the Bill is pretty clear on that. The Bill applies to people who are resident in England. If someone spends their gap year in this country, the Bill applies to them. If they go abroad on their gap year, it does not.

Mr. Graham Stuart: That is ridiculous.

Jim Knight: Well, my daughter went on an excellent gap year to Mauritania, and she got an awful lot out of it. She learned a huge amount. I would not want to do anything to prevent people from being able to enjoy such an experience.

Mr. Stuart: The children of Ministers and other people on high incomes will find it much easier to have a gap year abroad. Those on low incomes may find it more difficult. Is the Minister not a little uncomfortable about the fact that a person who wanted to spend a gap year in this country could not do so without risking being criminalised by the Bill?

Jim Knight: If the person is under 18, which most people on gap years are not—

Mr. Stuart: Some are.

Jim Knight: Yes, some are, but if a person is under 18 and resident in this country, they will have to comply with the Bill and complete 280 guided learning hours, if they had not got to level 3. Clearly, in most cases, they would have got to level 3 before contemplating a gap year. Given all those scenarios, the hon. Gentleman's point does not feature as a great worry.

Ms Celia Barlow (Hove) (Lab): I regret that due to proceedings on other Government legislation, I was unable to hear my right hon. Friend's opening remarks. Some of my constituents combine a gap year with achieving level 3. Two weeks ago, I was lucky enough to visit Brighton Swimming Teachers Centre in Portslade. There, I met two young people who had achieved level 3 in swimming instruction, and who intended to go on to level 4 in their gap year, while earning money as swimming instructors.

Jim Knight: Excellent. I am pleased to hear that. I think that it was in Portslade, in my hon. Friend's constituency, where I visited one of the most excellent examples of a primary school encouraging young people to read. I would commend it to the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb), because I know of his passionate interest in the subject. I think that I have responded to the points that have been made. I hope that the House will support the amendments made in the other place, but clearly it is up to those who feel passionately that we are doing the wrong thing to vote against them.

Lords amendment agreed to.

Lords amendments Nos. 25 to 40 agreed to [some with Special Entry].

Clause 80

THE REGISTER

Lords amendment: No. 41.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 42 to 166, 192 to 206, 212 and 215.

Jim Knight: This group of Government amendments to chapters 1 and 2 of part 4 of the Bill put into effect the commitment made in another place that the Government would no longer seek to move responsibility for the registration, regulation and monitoring of independent educational institutions and non-maintained special schools from the Secretary of State to Ofsted. As Lord Goodlad would put it, it is a case of audi alteram partem, I think. This elegant three-point turn is a demonstration of the desire felt by my noble Friends and me to respond to reasoned argument during the passage of the Bill.

The Government have decided to implement the change to the Bill through a large number of amendments to part 4, rather than by deleting part 4 it in its entirety and relying on the regulatory regime for independent schools set out in chapter 10 of the Education Act 2002, and on the regime for non-maintained special schools set out in section 342 of the Education Act 1996.

Mr. Laws: Will the Minister tell us how the reasoned argument changed between the Commons Committee stage and consideration in the Lords?

Jim Knight: It changed in the eloquence with which it was put. The changes are being made because chapter 1 of part 4 of the Bill restates the entire regulatory regime for independent schools. The change also offers the opportunity to ensure that protections are in place for children in the growing independent part-time sector. As part of that, part 4 makes a number of drafting and policy improvements. To take one example, the Bill introduces new appeal rights for proprietors of independent educational institutions and non-maintained special schools against decisions by the regulator, such as any decision to refuse an application for initial registration from a new institution.

The amendments in this group fall into three broad categories. The vast majority of them affect the three-point manoeuvre in respect of the transfer of functions from the Secretary of State to the chief inspector. Many of them simply replace the words "Chief Inspector" with the words "Secretary of State". Others make consequential changes; amendments Nos. 59 and 60, for example, replace the power for the chief inspector to inspect an institution when an application for approval of a material change is made with a power for the Secretary of State, as the registration authority, to direct the chief inspector to carry out such an inspection.

The second set of changes brought about by the amendments do not relate to commitments made in another place. Amendments Nos. 131, 138, 162, 164 and 196 are minor and technical amendments to change the tribunal that will hear appeals against decisions made by the Secretary of State, and in certain cases, justices of the peace. Clause 110(5) states:

> "'the Tribunal' means the tribunal established under section 9 of the Protection of Children Act 1999".

However, since the original drafting of the Bill, the Tribunals, Courts and Enforcement Act 2007, which we discussed earlier, has come into force. That Act consolidated the appeal and tribunal landscape, and regulations made under it will set out revised arrangements for tribunal hearings, so that appeals brought by proprietors of independent schools—and, through this Bill, proprietors of independent educational institutions and non-maintained special schools—will be heard by the health, education and social care chamber of the first-tier tribunal. I know that that answers one of the questions that the hon. Member for Bognor Regis and Littlehampton was bound to ask. The amendments will ensure that appeals are brought to the appropriate tribunal.

The final set of amendments in this group—Nos. 150 to 152—put in place transitional arrangements to enable a smooth transition between the existing regulatory regime, set out in chapter 10 of the Education Act 2002, and the new regime in the Bill. Amendment No. 150 ensures that any actions commenced under the current regime can continue, unaffected, when the new legislation comes into force. That will avoid duplication of effort and ensure that standards are not put at risk by new proceedings having to be started against institutions that are not meeting the statutory requirements. Amendment No. 151 ensures that the 2,400 or so existing independent schools do not have to be re-registered when the Bill becomes law, and it allows the Secretary of State to waive inspection fees so that institutions are not required to pay fees twice.

Lastly, amendment No. 152 ensures that directions prohibiting unsuitable people from participating in the management of independent educational institutions can be carried forward, as are any appeals, or reviews of directions, that are in progress.

I hope that hon. Members will agree that these amendments meet all the concerns about part 4 that were raised first in this place and then in the other place, and will therefore join the Government in agreeing to them.

6 pm

Mr. Gibb: As the Minister said, the Lords amendments reverse the provisions in the Bill that transfer registration and regulation of independent schools from the Department for Children, Schools and Families to Ofsted. That is welcome. We argued against that transfer in Committee, and my noble Friend Lady Morris continued the battle in another place. Her powers of persuasion were obviously much stronger than my own and resulted in the amendments tabled on Report in the other place that we are now being asked to agree to.

The policy behind the provisions in part 4 that sought to make the transfer have been fraught with error and poor policy making right from the start, even during the consultation process. The regulatory impact statement said, erroneously:

> "Independent schools will benefit from only dealing with Ofsted."

However, half of independent schools are inspected not by Ofsted but by the Independent Schools Inspectorate. The ISI inspects schools that teach about 80 per cent. of pupils educated in the independent sector, so those schools will not deal only with Ofsted. That is an extraordinary factual error of understanding that no doubt contributed to the original decision to move the registration and regulation of independent schools to Ofsted. The original consultation document was also materially wrong. It stated at paragraph 2.23 that the reason for the transfer

> "has been prompted by the transfer of boarding school and children's home registration and regulation to Ofsted from CSCI"—

the Commission for Social Care Inspection—

> "from April 2007."

That is wrong, too. Ofsted does not register or regulate boarding accommodation—that stays with the Secretary of State. What transferred at that point from CSCI to Ofsted was the inspection of boarding provision. Again, this is not a minor drafting error—it goes to the root of the Government's understanding of how these activities are carried out, and it undoubtedly led to the policy that the Minister is now seeking to reverse.

The ISI and the Independent Schools Council were strongly opposed to the transfer. They have very good relations with the Department's officials in the independent education and boarding team—they are able to pick up the phone to them when issues arise, and that has worked well for many years. They also feel strongly that the role of inspection should be separate from that of registration and regulation, particularly as there may be disputes over how an inspectorate interprets the regulations with which they are checking compliance. Given that there was no credible policy imperative driving the change, the only reason left was that of efficiency, or alleged efficiency.

During the Committee's evidence sessions, I asked officials about the extent of such purported savings. One senior official said:

> "We are still discussing costs with the Department".

[Mr. Gibb]

She went on to say:

> "We are still working on the exact numbers. I am not quite sure exactly what numbers we will need to transfer to us, to do that work."—[*Official Report, Education and Skills Public Bill Committee,* 24 January 2008; c. 95, Q223-225.]

Another official from Ofsted said confidently that he thought that Ofsted could do the work with between seven and 12 people. The Minister went even further when he said:

> "I anticipate significant savings. I cannot predict whether we will move from 18.2 members of staff to approximately 10, but savings will be made".—[*Official Report, Education and Skills Public Bill Committee,* 28 February 2008; c. 784.]

Contrast those statements with the words of Lord Adonis in another place six months later:

> "having taken a long, hard look at the best estimates that we have of the cost savings from the proposed transfer of functions to Ofsted and balanced those against the potential disruption to the sector that would be caused by the transfer, I have concluded that the case for change is not compelling."—[*Official Report, House of Lords,* 21 July 2008; Vol. 703, c. 1598.]

That was a very welcome change of heart by a much-missed Minister. I wish that Ministers in this House, and Ofsted officials, would take the same assiduous approach to calculating possible cost savings before announcing that the policy would save money. We need less bluster and more facts from the Government.

Having said all that, better the sinner that repenteth. This is a welcome U-turn that we have been calling for in both Houses. As is the way of this Government, they put through their change of mind in the other place instead of here. That is partly down to the powers of persuasion of my noble Friend Lady Morris and partly due to the Government's mistaken belief that a U-turn in the other place is less noticeable than one here.

These Lords amendments take out a large proportion of part 4 by replacing the words "chief inspector" with "Secretary of State", and they constitute a large proportion of the amendments that we are discussing. They do not remove all of part 4, however, which will dismay some people, particularly those who teach their children at home. Part 4 gives a definition of an independent educational institution because the Government wanted to ensure that a small number of independent schools that provided only part-time education were properly regulated. Through parliamentary questions and confirmation by the Minister during the debate in Committee, such provision turned out to be just four schools.

Education Otherwise, which represents tens of thousands of parents who educate their children at home—an increasing phenomenon as parents worry about standards of behaviour in too many of our schools—said that these provisions might inadvertently catch informal arrangements to educate home-educated children using shared teachers, who have a particular specialism, in someone's home. In Committee, the Minister confirmed that the four institutions that he intended to be caught by the clause were Tyndale academy, Kids Company, Headstart Early Learning Centre and The Children's Garden. It is rather alarming, in terms of competence of policy making and administration, that the Government now say that that figure is not four but 1,100. In a letter to my noble Friend Lady Morris on 7 November, the Minister, Lady Morgan, wrote:

> "When the Education and Skills Bill was introduced, we were aware of only four part-time providers…as more evidence emerged of local authorities increasingly using private sector and voluntary providers…an estimated 1,100 providers…might need to register as independent educational institutions".

What is astonishing is the phrase, "as more evidence emerged". It appears that the Government responsible for education in this country were unaware until this autumn that local authorities around the country were using at least 1,100 private education providers for alternative pupil referral-type education. It would be helpful to our discussions if the Minister could explain that confusion.

Rob Marris (Wolverhampton, South-West) (Lab): I want to focus on amendments Nos. 150 and 152. Amendment No. 150 inserts a new clause entitled "Continuity of the law". I would like some reassurance from the Minister about what appears to be a rather catch-all transitional provision that could allow those making legislation to cover their tracks and say, "This transitional provision is sufficient for all of us retrospectively to agree that everything's all right."

Amendment No. 152 inserts a new clause entitled "Prohibition on participation in management". The Minister mentioned it in his earlier remarks about mischief regarding unsuitable persons and maintaining existing protections in that regard. As I read it, the regulations referred to in the new clause will be made under the terms of that clause. I hope that there will be no hiatus between the safeguards offered by the current protection against unsuitable persons and the introduction of the new clause, which would allow for such protections to be continued but would not in itself introduce them, instead relying on regulations to be made under that clause. I seek assurances from the Minister that the timing will give us continuity of protection.

Mr. Laws: I would like briefly to welcome the 180-degree U-turn in Government policy reflected by the amendments, and to pay tribute to my colleagues in another place who were more convincing than the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) and myself.

According to the Government's explanation of the amendments, they decided that the case for changing from the status quo was not compelling. As the hon. Member for Bognor Regis and Littlehampton mentioned, I would have thought that the evidence we took in the consultation sessions at the beginning of the Committee's proceedings was fairly clear in making the argument against those changes given that a number of outside bodies gave evidence to say that the changes were unnecessary.

As well as drawing attention to this satisfactory U-turn, can the Minister explain what changes he hopes to implement to improve the communication between his Department and the independent schools sector? We have heard from the hon. Member for Bognor Regis and Littlehampton that that communication has been extremely effective up until now, but it is clear that there are major weaknesses in such communication. Not only was part of the sector taken by surprise by the changes, but if they had been consulted on in a more serious manner, we might have avoided the protracted debates and time-consuming processes that we have gone through in recent months.

Jim Knight: This brief debate was an opportunity for the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) to make the points that I thought he would make about our small change of heart in this policy area. I am grateful for his warm comments on my noble Friend Lord Adonis. Naturally, as the Minister with responsibility for the Bill, I discuss with Ministers who have responsibility for other policy areas—such as independent schools—debates in the Commons, so the words of the hon. Gentleman and those of the hon. Member for Yeovil (Mr. Laws) were not in vain during those debates because I reported their comments to my noble Friend. I justified the policy at the time, and he made the decision in the Lords, having listened to further debate, that the case for change was not as compelling as we previously thought.

The hon. Member for Bognor Regis and Littlehampton asked about home schooling and part-time providers, who are mostly engaged in alternative provision. We respect the right of parents to educate their children at home if they so wish, and as I said a number of times in Committee, the family home is not an educational institution and will not fall under the definition of institutions regulated under the Bill. Children educated alone by a parent at all times, regardless of location, will be regarded as those receiving home education and there would be no need to register.

Given that all children are entitled to learn in a safe environment, the state has a responsibility to make sure that minimum standards are met if they are not supervised by their parents so that they learn in safe premises, where child welfare and protection standards are met and where their education meets minimum standards. Where home education takes place in a pooled setting, and the child's education is not supervised by the parent, it is right that such provision should be registered.

The hon. Gentleman asked about part-time providers, and his recollection is right. When we initially took the Bill through the Commons, we were talking about four part-time providers. The work we then did through a telephone survey—it is not desperately authoritative—over the summer reinforces the need for registration. We spoke to just under 50 local authorities following the "Back on Track" White Paper about alternative provision and found that there may be up to 1,100 providers that need to register. I stress to the hon. Gentleman and the House that the figure is up to 1,100 providers—I estimate the figure to be between 130 and 1,100. It was not the most authoritative survey, but that figure reinforces the need for some sort of regulation. It is clear that the likely size of this educational sector makes it more, not less, important that coherent statutory standards are applied to those providers. The 135,000 young people each year who are not educated in schools comprise some of the most vulnerable in society and it is right that the settings in which they are educated should be properly registered and regulated.

Mr. Gibb: Am I wrong to be astonished that the Minister's Department did not know that 150 local authorities were using up to 1,100 private sector part-time providers to provide alternative education in their areas?

6.15 pm

Jim Knight: Local authorities have a large amount of delegated freedoms, contrary to the narrative we sometimes hear in this place. Where young people have dropped out of, or been excluded from, mainstream education, local authorities have been using whatever providers they deem fit to provide alternative provision for those young people. I was surprised that the number was as high as the survey might have revealed, but that has reinforced the need to register and to regulate.

Kelvin Hopkins (Luton, North) (Lab): I agree with my right hon. Friend about the need for registration, but is the lack of state provision in special establishments the result of closures in the past, when we rushed too quickly for an all-inclusive approach to education for children who need special education in special establishments?

Jim Knight: I am not sure that it is a result of a rush to closure or that we need to enter into the debate on inclusion for children with special educational needs. Such alternative provision is often required for those with behavioural problems; there would obviously be a high percentage of pupils with SEN, but the principal issue relates to those whose behavioural needs could not be dealt with in mainstream education, meaning that some other form of provision had to be commissioned.

Kelvin Hopkins: I am digressing somewhat from the debate, but I wanted to make a point that I have made before to my right hon. Friend. Would it not be sensible to look seriously at the idea of local authorities forming consortiums that could provide specialist establishments in the public sector for children with very special needs, given that almost all of us have come across such children?

Jim Knight: My hon. Friend follows such matters closely, and he will know that as a result of the White Paper we published this year, we have focused a lot more on these issues. We are interested in innovative approaches to improving provision, and we want to raise the overall quality of provision for those young people. It is precisely because of the measures we are taking to raise the participation age that we must not give up on any young person, even when they have made mistakes. We are ensuring that local authorities commission the right provision to get those people back on track.

Mr. Gibb: Does not the debate reveal that a coach and horses has been driven through the Minister's policy? The White Paper, "Back on Track", to which he referred, was published in May 2008. At that point, I understand that he had no idea that local authorities were using 1,100 private sector alternative education providers, but he had already formed what he thought would be the policy to improve alternative provision in local authority areas. In his letter of 4 September, he said that his telephone survey was carried out between early June and early July, but he had already formulated his policy in May, before he acquired that crucial piece of information about alternative education in this country.

Jim Knight: The White Paper was drawn up in the context of ensuring that we improved the quality of alternative provision. How that provision was registered came to light in the summer as we sought to implement the White Paper and as we prepared for the announcement of 12 pilots in October in order to develop new and innovative forms of alternative provision. I make no

[Jim Knight]

apology for wanting to drive forward whatever sort of vehicle the hon. Gentleman may propose to ensure that vulnerable young people are educated in registered provision that can be properly inspected, and to ensure that that education is of the appropriate quality.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) raised some issues about transitional provisions and the amendments that deal with them. The new clause that amendment No. 150 would insert are intended to provide for the seamless continuity of the law, a phrase that my hon. Friend used about actions begun but not completed under the existing regulatory regime. The purpose is to prevent unnecessary delays and complications in dealing with on-going cases from arising. Clause 151 contains a power to make specific transitional provisions, if necessary. A specific transitional provision would trump the general continuity provision in amendment No. 150.

Amendment No. 151 is intended to provide for the seamless continuity of the register of independent schools in England. The existing register is kept under section 158 of the Education Act 2002. Clause 80 provides for the new register of independent educational institutions, which will include the existing register and any part-time providers. As we have just discussed, they will be registered under clause 77.

My hon. Friend asked about an hiatus with respect to amendment No. 152. I can assure him that there will be no hiatus. As soon as the Bill comes into force, the amendment will allow us to ensure that that transfer of responsibility takes place. We will lay the regulations before the new legislative regime comes into force. Amendment No. 150(6) would grant the power to make the detailed relevant provision. I hope that I have answered my hon. Friend's questions.

I hope that my other comments have dealt with the queries of the hon. Member for Yeovil (Mr. Laws). I wish to add that the relationship with the Independent Schools Council is important. It inspects many independent schools—

Mr. Gibb: That is the Independent Schools Inspectorate.

Jim Knight: Indeed. The Independent Schools Council represents many independent schools. We have a good relationship with many independent schools and I was pleased to visit, for example, Epsom college, last week to mark its sponsorship of Lambeth academy. It joins the United Learning Trust as a sponsor of Lambeth academy and will help the academy to develop its sixth form. That is a positive step for independent schools working with state-maintained schools.

Mr. Laws: Is the Minister confident that communication between the Department and the independent schools groups is strong enough to avoid problems in future?

Jim Knight: We have held discussions with the Independent Schools Council and reached agreement on the three main concerns that it has raised with us. To avoid doubt, I will reiterate the commitments.

First, we have agreed that regulations under the new standard for leadership and management in clause 79 will be modelled on the Independent Schools Inspectorate's criteria for judging leadership and management in its current inspections framework.

Secondly, in abolishing the category of schools approved under section 347 of the Education Act 1996, we are clear that we do not want to introduce extra bureaucracy as a result of a deregulatory measure. We are therefore committed to publishing a central list of all independent schools that are registered as being specially organised to provide for children with special educational needs, as the Independent Schools Council has requested. In doing that, we look to the possibility of enhancing the information available to parents and local authorities that is contained on the list.

Thirdly, to discourage local authorities from additional red tape for schools, we will publish strengthened and clear guidance, on which we will consult. We will certainly consult bodies that represent independent schools. Indeed, throughout the implementation of the changes, the Department will continue to work closely with the sector and the schools affected by the repeal of section 347.

I hope that we have had sufficient discussion for the House to approve the amendments.

Lords amendment agreed to.

Lords amendments Nos. 42 to 166 agreed to [some with Special Entry].

Clause 137

Meaning of "sixth form education" etc

Lords amendment: No. 167.

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 180, 185, 186, 188, 190, 207 and 213.

Sarah McCarthy-Fry: The amendment is about school admissions. Whenever a new code on school admissions is issued, it must be consulted on first. The amendment confirms, for the avoidance of doubt, that the requirement to consult will be satisfied by consulting about a draft code that refers to provisions in the measure that are not yet law. That will allow the codes to remain current and relevant, and reduce the overall burden of consultation on audiences such as schools and local authorities.

The remainder of the amendments in the group are technical or consequential. Amendments Nos. 185, 186 and 188 relate to the commencement of the school admissions provisions by the Welsh Ministers. The amendments make a slight change to the power of the Welsh Ministers to commence paragraph 58 of schedule 1, so that it is in line with the remainder of their commencement powers.

Amendment No. 180 makes the meaning of "prescribed" and "regulations" clearer throughout the measure. For the avoidance of doubt, it is better for those terms to be set out in the Bill. Amendment No. 190 will make it clearer in drafting that, apart from subsections (1) to (3) of clause 154, the Secretary of State will bring the remaining provisions into force by order.

Amendments Nos. 207 and 213 provide consequential amendments to the Welfare Reform and Pensions Act 1999. They ensure that social security information may be shared between the Department for Work and Pensions and a county council, when that county council exercises social security functions for a young person for whom it is also required to provide support via the Connexions services. Regulations made under that social security legislation define a "local authority" by reference to the Social Security Administration Act 1992. That definition of "local authority" does not include a county council of England. Therefore, but for the amendments, the current data sharing could not continue when a county council exercised Connexions functions.

The amendments are purely technical, resulting from the transfer of the Connexions services to the local authority. They enable current practices to continue, and I therefore commend them to hon. Members.

Mr. Gibb: I welcome the Under-Secretary to her new position and to the Dispatch Box to discuss the final stages of the Bill. She missed many months of interesting debate—

Sarah McCarthy-Fry: I served on the Committee.

Mr. Gibb: I do not remember that. It was many months ago and I have forgotten.

The amendment typifies the Labour Government's obsession with admissions. As my hon. Friend the Member for Surrey Heath (Michael Gove) said on Report:

> "Unfortunately, there is still an old Labour, socialist approach to the question of admissions... It is the Secretary of State's belief that what really matters is manipulating access to a limited number of good school places, instead of expanding their number overall. If only he would commit as much intellectual energy to generating more good school places as he does to the micro-management of their allocation, this country would be in a better place".—[*Official Report*, 13 May 2008; Vol. 475, c. 1239.]

Conservative Members believe in a fair and clear admissions system and we therefore support the concept of an admissions code.

However, our priority is to increase the number of good schools by making it easier for new providers to establish new schools, thereby giving parents a genuine choice of school for their children, focusing on raising academic and behavioural standards, and ensuring that the teaching of reading in reception class is effective. By contrast, the Government have devoted huge amounts of effort to continual changes to the admissions code and pillorying faith schools.

In the final stages of the Bill's passage, the Government tabled two dozen new clauses and amendments to the School Standards and Framework Act 1998 about admissions. It was all very last minute and rushed, without the usual Committee stage scrutiny and consultation. Now the Government seek approval of an amendment passed in another place to allow the public consultation, which closed in October, on the new draft admissions code to be valid, notwithstanding the fact that the draft code is based on the new clauses, which have not yet received Royal Assent. That is all indicative of an over-ideological obsession with admissions, which is so characteristic of the Government in general and the Minister's boss, the Secretary of State, in particular.

6.30 pm

The truth is that what determines a good school is not its intake, but its leadership and the quality of teaching. I can take hon. Members to schools in the most deprived parts of our inner cities and with every possible disadvantage that are safe, secure and highly successful and which have high levels of academic achievement. By contrast, there are many schools in leafy suburbs where the take-up of free school meals is well below the national average and where behaviour is out of control and academic standards are poor.

John Mann (Bassetlaw) (Lab): Name them.

Mr. Gibb: I could give the hon. Gentleman a list if he wishes. I recommend that he go to Mossbourne academy in Hackney, for example, where 50 per cent. of the children qualify for free school meals and 40 per cent. speak English as a second language, and where he will see exemplary behaviour.

John Mann: The hon. Gentleman mentioned the leafy suburbs, so could he please give me a list for Nottinghamshire?

Mr. Gibb: I am not going to start criticising schools in leafy suburbs, but there are many schools across the country which have few indicators of deprivation, but which are not achieving as well as Mossbourne academy in Hackney. The vast majority of comprehensive schools have between 10 and 21 per cent. of pupils on free school meals. Simply moving children around so that every school has the national average of 14 per cent. of pupils qualifying for free school meals would not make the slightest difference to the quality of education in those schools. As I have said, one of the best comprehensives in the country has half its children qualifying for free school meals. The objective of a Conservative Government would be to concentrate on standards of behaviour, assessing and streaming, school uniform and high academic achievement.

Mr. Laws: Is the hon. Gentleman saying that he would remove or amend any part of the existing code of admissions?

Mr. Gibb: The existing code does need amending and simplifying. Although we certainly agree with the principle of having an admissions code, we believe that it should be much simpler and clearer and that it should not be revised every year. That just confuses schools and parents.

Finally, I want to say a few words about Lords amendments Nos. 207 and 213. They have amended the information-sharing provisions in the Bill, so that county councils can be included in the list of public bodies that can share confidential information about a young person, in order to assist those public bodies in enforcing or implementing the duty to participate. I do not want to reprise the extensive debate that we had in Committee about the rights and wrongs of information concerning a young person's health, police record, academic achievement or social security being distributed among a range of public bodies, from local authorities to Connexions. However, I still believe that there are some confidentiality issues at stake, as well as some important human rights implications, which will undoubtedly surface when those provisions begin to bite.

[Mr. Gibb]

The hon. Member for Hendon (Mr. Dismore), who chairs the Joint Committee on Human Rights, has raised his Committee's concerns about those provisions. He says:

> "The Bill contains a number of information sharing provisions in Parts 1-4. These raise potential human rights issues, notably the right to respect for private and family life",

and asks what

> "safeguards…would be in place to ensure their compatibility"

with article 8 of the European convention on human rights. The Children's Rights Alliance for England has also raised its concerns. It conducted a survey of young people, who expressed the view that if children think that adults are going to share information about them with other people, they will stop confiding in adults altogether.

The Minister for Schools and Learners said in Committee that the Government would set out in guidance how the measure would be used. Could the Minister replying to this debate tell the House the current status of that guidance? Is it drafted yet? If so, can we see it? If not, when does she expect to be able to publish it in draft form?

Kelvin Hopkins: I want to speak briefly about admissions, which concern me and, I am sure, many other hon. Members. I agree with the Opposition spokesman about the importance of leadership and a school's ethos. He is absolutely correct. In my constituency, we have some first-rate schools and some first-rate head teachers doing a wonderful job, often with children who have some disadvantages, such as speaking English as a second language and other factors.

I would argue, however, that the problem arose because of the Conservatives, who introduced the idea of parental choice. That led to hierarchies of schools, from schools with a concentration of the less able, as it were, from poorer backgrounds to schools with the most able, from middle-class, academic backgrounds. That has happened in my constituency, as it has surely happened elsewhere too, and it has not helped. It has been socially divisive and has also meant that schools with a high proportion of those from disadvantaged backgrounds can easily say, "It's not the teaching or the leadership; it's just the children in our schools."

I do not accept that argument for a moment, but if schools had balanced populations within them, we could draw genuine comparisons between them. If every school had the same range of pupils and if one school was doing well and another badly, we would know that that was to do with what was being done in those schools. The problem arose from the idea of parental choice and the hierarchy of secondary schools in particular, which has arisen in my constituency and many others throughout the country.

There are other issues to do with admissions that I hope my hon. Friend the Minister will consider. I am sure she is aware not only that people want to be admitted to what are seen as the target schools, but that sometimes schools are over-subscribed. For instance, there is a shortage of sixth-form places in my constituency. Some youngsters, particularly those who arrive late, over the summer, find it almost impossible to find a sixth-form place, because there are not enough.

I hope that my hon. Friend is looking into how we can ensure that that lack of provision does not arise, so that every child, at whatever level, but particularly at sixth form, can study the subjects they choose and with good-quality teaching in a nearby establishment. That concern has arisen in my constituency and I am sure that there are other hon. Members in a similar situation. I therefore hope that my hon. Friend will look into those problems, too.

Rob Marris: I agree with the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) that we want every school to be a good school and that leadership is important. There is still some way to go, but the Government have already gone a long way on that. One of the ways that we have done so is by providing leadership training and by funding schools better, because pupils will generally study a bit better in better buildings—the important thing is staff and ethos, but buildings help, too. However, I live in a deprived part of the country, and if the hon. Gentleman thinks that input into a school does not affect output, which seemed to be the import of his remarks, he is living in a very different world from me.

The hon. Gentleman decried the need to change the admissions code so frequently and I entirely agree with him. It is most unfortunate that we have a complex admissions code and that it keeps being revised. However, the driver for those changes is that some schools—a minority, but a significant minority—keep trying to get round the admissions code. That point is not based on anecdotal evidence, such as that which he produced about how good one academy in London is; it is based on a survey that the Government conducted to find out whether schools were complying with the admissions code. Surprise, surprise, that survey sadly found that too many schools, albeit a minority, were not complying with the code. The Government are therefore unfortunately in the position of either letting schools ignore the admissions code or enforcing it and closing the loopholes that a minority of schools seek to find within it—

Madam Deputy Speaker (Sylvia Heal): Order. I wonder whether the hon. Gentleman could relate his remarks to the group of amendments that we are currently discussing, which begins with Lords amendment No. 167.

Rob Marris: I am obliged to you, Madam Deputy Speaker. Perhaps I will leave my remarks at that for the moment.

Sarah McCarthy-Fry: We have had an interesting and wide-ranging debate, which you acknowledged in your remark, Madam Deputy Speaker. I would like to place it on record that we certainly want all schools to be good schools. That is the aim of the Government. However, we also want a fair admissions code. Indeed, we are amending the admissions code in the Bill to protect looked-after children. I would hope that the objections to revising the admissions code, which the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) raised, do not extend to not helping looked-after children. We all acknowledge that they have a tough time and that we should do all we can to ensure that they have decent school provision.

We have been consulting on our draft admissions code, and it is our ambition to be able to put it into practice from September 2010 to ensure at the earliest possible opportunity that the revisions to ensure a fair code come into place. If we did not agree to the amendment, the admissions code would not come into being until September 2011.

The hon. Member for Bognor Regis and Littlehampton referred to the exchange of information and his concerns about safeguarding. We believe that there are sufficient safeguards in the Data Protection Act 1998 and the Human Rights Act 1998. I am sure he will remember that that was set out in a letter from my right hon. Friend the Minister for Schools and Learners to the Committee in January this year. If we did not agree to the amendment, the current data sharing would not be able to continue. I am sure that we all value the service that Connexions provides on behalf of young people.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) does not accept, as I do not, that we should be able to excuse ourselves by saying that the type of intake determines the outcome of a school. We certainly recognised that in our London Challenge programme, in which we put together families of schools with similar intakes, levels of ethnic variation, attainments and free school meals provision. We measure those against each other so that, to use a phrase that I have probably overused today, we can share examples of best practice—a phrase to which the hon. Member for New Forest, West (Mr. Swayne) objected.

I repeat that we want fair access, which is why our admissions code often relates to over-subscription, and I certainly agree with my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) on that point. I said right at the beginning that this Government want all schools to be good schools. With that, I hope that the amendments will be agreed to.

Lords amendment agreed to.

Lords amendments Nos. 180, 185,186, 188, 190, 207 and 213 agreed to.

Clause 138

POWER OF GOVERNING BODY: EDUCATIONAL PROVISION FOR IMPROVING BEHAVIOUR

Lords amendment: No. 168.

Sarah McCarthy-Fry: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to discuss Lords amendment No. 169.

Sarah McCarthy-Fry: A school governing body already has the power under section 29(3) of the Education Act 2002 to direct a pupil off site to receive instruction or training. The clause provides that the governing body can also require registered pupils to attend off-site educational provision that is intended to improve their behaviour, such as anger management classes.

During the Bill's passage, concerns have been raised as to how the power would be used in practice. My right hon. Friend the Minister for Schools and Learners had a particularly helpful meeting with my hon. Friend the Member for Blackpool, South (Mr. Marsden) and the Special Educational Consortium to discuss their concerns. I would like to take this opportunity to thank them for their helpful comments. My right hon. Friend mentioned to me earlier that we can perhaps consider these measures as the Blackpool amendments.

The amendments allow regulations to be made to determine the maximum length of time that a pupil can be required to attend off-site provision. It has always been our intention that governing bodies would be able to require pupils to attend off-site provision only for as long as is reasonable and necessary for the purpose of improving their behaviour. We intend to ensure that that is the case by making regulations that provide that governing bodies may not require a pupil to attend off-site provision for a period that goes beyond the end of the school year in which it is imposed.

We will also set out in regulations that a review must take place within 30 days of the requirement being imposed, and every 30 days thereafter while the pupil is attending off-site provision. We intend to impose an obligation to have regard to guidance, and to issue guidance that will emphasise the need to pay particular attention to pupils with special educational needs. That guidance will set out expectations that an assessment will be undertaken to examine what can be done to improve their behaviour in schools, and how their needs are being met, before an off-site referral is considered. It will also recommend a pre-placement meeting involving the parents, the head teacher, a governor and a local authority representative.

Mr. Gordon Marsden (Blackpool, South) (Lab): I am grateful that my hon. Friend supports the amendments, and I am delighted that the Government have been able to take up the points that were made by a number of organisations. I also express my thanks to my right hon. Friend the Minister for Schools and Learners, who was particularly helpful and constructive in the discussions that we had. As the Bill passes into law, will these issues continue to be considered, and will the efficacy of the regulations be kept under review? I am sure that the Government will want to continue to address as a priority the large number of exclusions of young people with special educational needs.

6.45 pm

Sarah McCarthy-Fry: I thank my hon. Friend for that intervention and for the work that he did in Committee, as well as his ongoing work to protect children with special educational needs. We will of course keep the efficacy of the measures under review.

As I was saying, regulations will require that when a child has a statement of special educational needs, the local authority must be invited to review meetings and be informed of the outcome. With those important safeguards, we are confident that the requirement for pupils to attend off-site provision may not be imposed for longer than is reasonably necessary to improve the pupils' behaviour. I commend the amendments to the House.

Mr. Hayes: As the Minister said, the amendments deal with the power of a governing body to refer a pupil to educational provision to improve their behaviour. The House will know, as the Minister does, that of all

[Mr. Hayes]

the kinds of special needs, the problem of children with emotional and behavioural difficulties is the one that has grown most rapidly in the past decade. More of them are statemented than in previous years.

Clause 138 gives the school governing body the power to direct a registered pupil to attend any place outside the school premises for the purpose of receiving educational provision that is intended to improve their behaviour. As the Minister told us, it has always been the Government's intention that any such direction would be a short-term measure only. Lords amendments Nos. 168 and 169 make that absolutely explicit in the Bill. It appears that the virtuous flexibility that the Minister for Schools and Learners advocated with such vehemence the last time that I asked for something to be put in the Bill persuades him less on this occasion. It seems that the Government are therefore likely to agree with the Lords amendments.

My questions deal with what I believe could be unintended consequences of the amendments, although I acknowledge their advantages, which were well identified and articulated by the hon. Member for Blackpool, South (Mr. Marsden) when we debated the matter at an earlier stage. However, the amendments might prevent off-site education that extends beyond the end of a current academic year for those with behavioural problems. We believe that although the measure would not necessarily prevent permanent exclusions, it would prevent a head from sending a pupil to a referral unit or special school under clause 139. It might fetter the discretion of heads and, in so doing, weaken the resolve to tackle poor behaviour in schools. In the end, it could be beneficial to children with behavioural problems to spend more time outside their normal place of education, perhaps in a specialist school staffed by teachers who are experienced in providing the kind of help and support that children in such circumstances need. There is a risk that the amendment will have the unintended or unforeseen consequence of disadvantaging children of that type.

Mr. Marsden: I acknowledge the thoughtfulness with which the hon. Gentleman has presented his case, both in Committee and tonight. Is he concerned that in some cases, referrals of children in the circumstances he described are currently to pupil referral units? In some cases—I am choosing my words very carefully—those units may not be adequate for the purpose of achieving the behavioural changes that the pupils need.

Mr. Hayes: I acknowledge that this is a complex area, and the problem is that when we speak of such matters, by necessity we tend almost to speak in more general terms than the individual cases warrant. Behavioural and emotional difficulties are, by their nature, varied and complex, and the needs of the children concerned often require sensitive and highly skilled handling by the best possible professionals. The hon. Gentleman is right; I do not think that anyone, from any part of the House, could argue with their hand on their heart that such service is always delivered—despite the best intentions. He is therefore also right to say that we must be cautious about those referrals, their length and their character.

I hope that the Under-Secretary will deal with my point, which is that the perverse effect of the measure may be to encourage permanent exclusions. If a head teacher feels that the only way in which they can cope with a child, in both their interests and those of the whole school community, is to exclude them permanently, rather than send them to a specialist school or a pupil referral unit for an extended period, that could be an unintended consequence of the amendments, which we broadly support, with the caveat that I know the Under-Secretary will deal with using her customary skill in the next few moments.

With your indulgence, Madam Deputy Speaker, may I add this point? Earlier, I spoke supportively about the Prince of Wales, who has done such good work with the Prince's Trust in dealing with some young people in great difficulties, and I described him as the greatest living Briton. Of course, I did not include in that estimation Her Majesty the Queen, who is in her gracious nobility beyond such estimates.

Madam Deputy Speaker: Order. There is a danger here of hon. Members bringing the royal family into these debates, and as hon. Members will know, that is not allowed.

Kelvin Hopkins: I have no intention of talking about the royal family, who behave very well, I am told.

I shall say a few words about behavioural difficulties for some pupils, because there is a range of behavioural difficulty. Some pupils require special education in a special institution, but the great majority require temporary removal from a classroom, so I urge my hon. Friend the Minister to give as much support as possible, not so much to exclusion from the school, but to providing inclusion units within schools. I have seen them operate very successfully in my constituency. When they are run well by the right people, they work extremely well, but we should not force teachers to deal with unruly or difficult pupils, whatever their problem. They may have serious home difficulties or emotional problems, but the teachers should not have to deal with that; the pupils should be sent fairly quickly to a unit in the school. I have seen the inclusion units operate in my constituency to very good effect, but they need permanent, long-term funding; they do not need time-limited funding, which was the case with one such unit.

The techniques are simple: pupils can be referred to such units for a few days or perhaps one or two weeks. In one school in particular, they are required to arrive at school half an hour after all the other pupils, and to leave half an hour after them so that the referred pupils do not get mixed up with other pupils. The pupils have that degree of separation, and their reward, when they return to class, is to be able to mix with their friends and to come and go with them at the usual times. All sorts of techniques can be used on a graded basis, and they can help with pupil behaviour, but overall, we need good leadership in schools, the right ethos and a calm and controlled atmosphere, which has been missing for too long from too many of our schools. I have seen schools operating absolutely brilliantly in my constituency, and I should be happy for any hon. Friend to visit them any time.

Sarah McCarthy-Fry: First, I shall put at rest the mind of the hon. Member for South Holland and The Deepings (Mr. Hayes) in respect of what he saw as the possible unintended consequences of the legislation. I think that I can reassure him on that point. Although the amendment would mean that we could not go beyond the end of one academic year, there would be nothing to prevent the school from starting the process again in the following academic year. We do not want the process to be renewable, and that is why we say that we have to start the process all over again. Reasons would have to be given, as would the same two days' notice, and we are not saying that the behaviour that occurred in the previous academic year could be a reason for placing a pupil in off-site provision during the following academic year. That is why there must be continual review, and also why I do not believe that the amendment would encourage head teachers to go for permanent exclusion. The matter would have to be kept under permanent review, and we want to give young people, having spent time in off-site provision, the opportunity to go back and prove that they are able to take part in education.

In response to the comments that my hon. Friend the Member for Luton, North (Kelvin Hopkins) made, let me say that I am sure that there are excellent examples of alternative provision, and that is exactly what we are including in the pilots that we introduced on 23 October. The pilots are looking at innovative ways of securing alternative provision, and I hope that when we evaluate them, we can also consider inclusion units in schools as we work towards the best way to ensure that the rest of the class is not disrupted by bad behaviour by removing for a limited time the pupils who express such behaviour in order to help them reintegrate into mainstream education. With that, I hope that the House will agree to the amendments.

Lords amendment agreed to.

Lords amendment No. 169 agreed to.

After Clause 139

Lords amendment: No. 170.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 181, 182, 209 and 210.

The amendments were introduced by the Government in another place in response to the noble Baronesses Walmsley and Howe and supported by all parties. I think that they were based originally on amendments that the hon. Member for Yeovil (Mr. Laws) had tabled. The amendments would make a small legislative change following a major change—*[Interruption.]* Sorry, I am referring to a different set of amendments. Madam Deputy Speaker, I do beg your pardon. Let me start again.

The amendments would make a small legislative change following a major change in testing arrangements. They would amend section 88 of the Education Act 2002 to create an exemption for assessment arrangements from the general requirement that schools implement the national curriculum as it stands at the start of the school year. Instead, schools and local authorities would be required to implement the specified assessment arrangements for the time being. That will allow the Secretary of State to remove the obligation on schools and local authorities to administer key stage 3 national curriculum tests from 2009 onwards. The Secretary of State set out the rationale for the changes in his announcement to the House on 14 October.

Section 88 of the 2002 Act requires schools to implement the national curriculum, including testing arrangements, as it exists at the start of the school year. The current arrangements are set out in secondary legislation under an order made in 2003. Amendment No. 170 would require schools and local authorities to implement national curriculum assessment arrangements as they currently exist, so that changes to assessment arrangements made after the start of the school year could take effect this summer. It is important to note that the amendments refer only to the assessment arrangements within the national curriculum. The amendments do not seek to change any other part of the national curriculum after the start of the school year, because that would create unnecessary burdens on schools and necessitate changes to the careful planning of teaching and learning that would already have taken place.

Rob Marris: Will my right hon. Friend clarify something? In amendment No. 170, proposed new subsection (2) would introduce to section 88 of the 2002 Act a new sub-paragraph, 1A(a), which uses the phrase, "local education authority". Will my right hon. Friend remind me, because I thought that that term had been abolished by legislation—in something like the Education and Inspections Act 2006?

Jim Knight: Local authorities are, in effect, the "local education authority"; in some circumstances, we still use that latter term in law. That is how I understand the matter, but I am sure that if I am wrong, I shall quickly get alternative advice.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I understand that key stage 3 tests will still be able to be taken on a voluntary basis. Will that be on a school-by-school basis, rather than on a local authority basis?

7 pm

Jim Knight: Yes, that will be on a school-by-school basis. If head teachers and heads of department find the key stage 3 test useful for tracking progress, as some independent schools do, they can use them for that purpose. Obviously, we will ensure that they are set.

We want the changes to assessment arrangements to come into effect as soon as possible. That is why amendments Nos. 181 and 182 bring the legislative changes into effect on Royal Assent. We will then table an order to change the existing arrangements, because it would be unfair to compel pupils to take tests when there are no good reasons for administering them. The amendments will ensure that, this year, public money and school resources are not spent on arranging key stage 3 tests for which there is no longer a sound justification.

To return to the point that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made earlier, I should advise him that the relevant part of the Education and Inspections Act 2006 has not yet been commenced by order. That is why the language in this Bill is as it is.

[Jim Knight]

Amendment No. 209 is a consequential amendment to ensure that these amendments are carried forward when section 74 of the Education and Inspections Act 2006 comes into force. Amendment No. 210 is a technical amendment to ensure that the drafting of the schedule works in relation to these amendments. I hope that the House supports them.

Mr. Hayes: As the Minister said, the Secretary of State announced that from summer 2009 children would not be required to take key stage 3 tests. The amendments were introduced on Report in the Lords to make technical changes resulting from that decision. Lords amendments Nos. 170, 181, 182 and 209 refer to the removal of the obligation on schools and local education authorities to implement the assessment arrangements in schools.

We have consistently argued that there are problems with the content of some of the tests and that as a consequence they have, to some degree, become discredited. Those problems were compounded by the administration fiasco this summer. *[Interruption.]* The Minister looks surprised, but he knows that on current measurements 84,000 pupils in one year made no progress, or fell backwards, in English between key stage 2 and key stage 3.

Jim Knight: I was surprised because in Westminster Hall on the Thursday prior to our making the changes on the Tuesday, the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) said explicitly that the tests should be retained and that they were the most important of the SATs.

Mr. Hayes: It is a pity that the Minister does not spend more time thinking about the children who have fallen back in English and maths than he does thinking about what my hon. Friend has said in Westminster Hall. My hon. Friend has been absolutely consistent in championing the cause of schoolchildren in this country, in his advocacy of higher standards and in his determination that the methodology in schools and the approach taken by teachers should maximise the chances of every child in this country. He deserves the praise of not only the Minister but the whole House for so doing.

As I was saying, there has been a shocking decline in core standards among many young people, 28,000 and 140,000 of whom made no progress or fell backwards in maths and science respectively. These early years are among the most important in education; it is a tragedy that thousands of 14-year-olds have a reading age lower than 11 and that more than 40,000 young people leave school at 16 functionally illiterate and/or innumerate. Many of those young people fall into unemployment and delinquency, and they certainly fall into disengagement.

We should get the figures right; the Minister got them wrong earlier. I do not want to suggest that his ideas on the issue are half-baked, but they are certainly not fully formed. You take these issues seriously, Madam Deputy Speaker, so you will know that the number of people not in education, employment or training—or NEETs—has risen by 132,000 in the past five years.

Jim Knight *rose—*

Mr. Hayes: Those are the Government's own figures, and I am sure that the Minister will want to confirm that.

Jim Knight: My point was about proportions. There have been significant demographic increases in the numbers in that age group, which is why there has been an increase in numbers. The overall percentages, however, remain broadly stable.

Mr. Hayes: The numbers that I have here are not proportions, but numbers of people. *[Interruption.]* However, the hard figures and the proportions of such people aged 21, 22 and 23, for example, have risen over that period, and the Minister ought to know that.

I do not want to detain the House for too long. In conclusion, we want fewer and more rigorous tests, less bureaucracy, more freedom for professionals and a commitment to excellence for all, underpinned with a special focus on the most disadvantaged. That is what our nation, our teachers and our schools deserve, and it is what our children deserve. In that spirit, I note and welcome the amendments.

Mr. Laws: I seem to be rising only to welcome U-turns from the Government this evening, and I cannot let this particular one pass without comment. As the Minister said, there has been not one U-turn, but a double U-turn on this issue. One has come from the Conservative party, which, as the Minister rightly said, was praising the key stage 3 tests as the most important just days before it welcomed their abolition. That will teach the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) not to be so honest and straightforward in how he answers questions in future. I am sure that he will have learned that if and when he speaks from the Government Front Bench.

We welcome the U-turn on the key stage 3 tests. The provisions in the amendments allow for the Government to insist on the application of the national curriculum tests as they exist at the particular time of the year, rather than at the beginning of the year. That raises the subsidiary question of whether the Government anticipate any further U-turns on key stage tests—perhaps a further amendment to the manner of key stage 2 tests. There is also the related issue of when the Government will clarify the nature of the key stage 2 tests in 2009. Will the Minister say something about both points when he responds?

The Minister said that changes to the testing regime in-year were acceptable, whereas it would not be acceptable to carry out changes in-year to the curriculum, as that would be extremely destabilising. I register that point, but he may want to acknowledge that carrying out changes mid-year in the testing regime has serious implications for school planning and for those who provide materials for the key stage 3 tests. Like me, the Minister may have seen correspondence from publishers a large proportion of whose business was producing key stage 3 test documents for schools. They were less than amused by the very short notice given of this year's change in relation to the key stage 3 test.

Will the Minister acknowledge that, although the abolition of the compulsory key stage 3 testing regime this year was desirable, and although it may have been prompted by the unusual chaos in the testing regime over the spring and summer, we would not want a change at such short notice to be an example of how the testing regime should be changed in future? That change has caused a great deal of disruption to schools and those associated with the testing regime, including those who supply materials for it. I hope that he will recognise that as he sums up and that he will assure us that future changes to the testing regime will be more measured and thought out.

Rob Marris: I welcome the effective abolition of the mandatory key stage 3 test. That was long overdue, and the Government have done well.

I want to focus on amendment No. 209, which amends part of section 74 of the Education and Inspections Act 2006. The 2006 Act itself would amend part of section 88 of the Education Act 2002. There are amendments to amendments, but as the Minister said, section 74 of the 2006 Act is not in force two years after its passage. Yet tonight we are amending it. I wonder whether my right hon. Friend can explain in a little more detail—not exhaustive detail, as I am sure he could if he wished to—how it has come to pass that an Act passed by the House two years ago to amend an Act that was passed four years before it is not yet in force, although tonight we are amending it.

Jim Knight: When I see my right hon. Friend the Treasurer of Her Majesty's Household, I know that I need to be relatively brief. I will attempt to be so. I accept that we have had some debate by way of intervention with the hon. Member for South Holland and The Deepings (Mr. Hayes), and I accept his general support for the amendments with gratitude.

The hon. Member for Yeovil (Mr. Laws) asked a few questions and commented on the rapid U-turn by the Conservative party. I can tell him categorically that there will not be any U-turn on key stage 2 tests. We have proceeded with the procurement for 2009, which is coming to a conclusion. As the Secretary of State said in his statement, we think it important that there is an independently assessed national measure of performance that allows parents and us to judge the performance of primary schools. That function is performed in another respect by GCSEs, but in respect of key stage 2, if there are any changes, those will be informed by the expert group set up under the leadership of Sir Alasdair Macdonald, the head teacher from Tower Hamlets.

Mr. Laws: Can the Minister tell us when the announcement on the key stage 2 contractor will be made?

Jim Knight: I cannot tell the hon. Gentleman exactly when. As I said, that procurement process is coming to a conclusion. I had a note about it in my box this weekend, but as far as I recall the note did not include a date. In-year changes to national curriculum assessment would be exceptional; I am not proposing that we should make this a matter of routine. When we made the announcement back in October, some English and maths teachers got in touch to say, "What am I going to teach now?" I suggested that perhaps maths and English would be a good idea.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) raised some questions around the implementation of the 2006 Act. If I led him to believe that the whole Act had not been implemented, that was an error. Certain parts of the Act have been, and others, as has been pointed out, are still to be. I am advised with rigour that these are the appropriate amendments to the appropriate amendments of the appropriate Act. I hope that he takes my reassurance.

Rob Marris: Can my right hon. Friend tell me the appropriate date when those appropriate amendments to the appropriate amendments to the appropriate Act will be brought into force?

Jim Knight: As I said in my speech, the amendments will come into effect by regulation shortly, so they will have effect very soon. Clearly, they are in regard to the key stage 3 tests, which otherwise would have to be conducted by schools this summer. We will bring forward the regulations very soon. On that basis, I hope that the House will support the amendment.

Lords amendment agreed to.

Lords amendment: No. 171.

Jim Knight: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 172, 183, 184, 187, 189, 208 and 214.

Jim Knight: These are the amendments introduced in the other place by the Government in response to amendments tabled by Baronesses Walmsley and Howe, supported by all parties and, I think, inspired by an amendment originally tabled by the hon. Member for Yeovil (Mr. Laws).

The Government are committed to involving young people as widely as possible in matters that affect them. We demonstrate that commitment by consulting children and young people in the development of our policies—for example, in developing and evaluating the effectiveness of the children's plan. As we set out in the children's plan, the Government's aim is for all young people to want and be able to participate and take responsible action. Giving children and young people a say in decisions that affect them can improve engagement in learning, help to develop a more inclusive school environment, and improve behaviour and attendance.

7.15 pm

I am sure that no one, least of all schools, would disagree that the voice of pupils is extremely important. As hon. Members will know, we have already acted decisively. In the 2002 Act, we required schools to have regard to statutory guidance about consulting pupils on decisions that affect them. We want to build on that now to ensure that all schools are consulting their pupils, as a minimum, on certain core aspects of school life. We know that more than 95 per cent. of schools in England already have school councils, which means that they are fulfilling this new duty. It simply is not the case that this duty, as some have alleged, will mean extra burdens on schools. It will provide clarity about the essentials, so that all schools and pupils are clear about the matters that they should be consulted on, as a minimum.

Next year, school staff, their representatives, governors and pupils will be consulted on what those essentials should be. We envisage that, as a minimum, those essentials might be policies relating to behaviour, uniform, school food, health and safety, equalities and sustainability.

Involving pupils in participation and decision making is already a key part of the personal, social and health education and citizenship education curriculums. It gives young people the opportunity to develop critical thinking, advocacy and influencing skills, and empowers them to make an active contribution to their school and wider community—exactly the skills that employers are saying we need to develop more of in our young people.

The new duty in these amendments gives a clear message about the importance that we place on the involvement of pupils in matters that affect their education and school life—I make no apology for that. However, we do not want to tell schools how to go about their business. The regulations will set out just the matters on which they must invite views, but they will continue to be free to do that in ways that work best for them. We will not prescribe the manner of consultation or which pupils should be consulted. That will be for schools to decide.

In drafting the new duty, we have sought a balance in defining a responsibility that is both unambiguous and manageable for school governing bodies. To that end, statutory guidance made under proposed new subsection (5) in amendment No. 171 will help schools to understand the scope of the new duty and set out examples of how best to involve pupils and invite their views. I commend the amendment to the House.

Mr. Gibb: As the Minister has told us twice, the amendments were all tabled in another place by the Liberal Democrat peer Lady Walmsley. Few people, if any, would deny the advantages of a school giving pupils a voice in developing policies that affect the children at that school. That is increasingly accepted as best practice, and the best performing schools in the state sector will invariably have a long-established route through which pupils can express their views on key aspects of how the school is run.

I am a particularly strong supporter of school councils, not least because the views expressed by those councils are often as strong on issues of discipline and behaviour as my own and those of my party. On rare occasions, some school councils that I have met go beyond even our zero-tolerance approach to discipline and behaviour.

An ordered and safe school environment is a preoccupation of pupil opinion in many of the schools that I have visited, even those where behaviour is good. As my noble Friend Lord Elton said in Committee in another place:

> "One of the most convenient forums for this"—

pupil voice—

> "is a school council where matters of discipline naturally come up quite quickly for discussion between the pupils and staff."—[*Official Report, House of Lords,* 1 July 2008; Vol. 703, c. 229.]

Jim Knight: I am grateful to the hon. Gentleman for giving way, because this might speed things up. Does he not agree that Lord Elton is one of his noble Friends and that he moved the amendment in slightly longer form in Committee in another place, so therefore it would be untrue to say that these amendments were introduced and instigated solely by the Liberal Democrats?

Mr. Gibb: This particular amendment was introduced by the Liberal Democrats, but I will return to Lord Elton in a moment. There is a common concern about extending the existing statutory duty on schools to take into account pupils' opinions. The concern is the extent to which the duty will be taken further and the fact that these additional duties will be statutory.

As my noble Friend Lord Elton said in another place on Third Reading:

> "I am sorry that it has to be in legislation. We are a litigious nation and it would be very unfortunate if we were to have a rash of cases of parents saying, 'You were not listening to my little Johnny'."—[*Official Report, House of Lords,* 11 November 2008; Vol. 705, c. 572.]

Jim Knight: Did Lord Elton support the amendment?

Mr. Gibb: I have given the Minister the opinion of Lord Elton. This goes to the crux of our concern about these amendments.

Mr. Laws: Will the hon. Gentleman give way?

Mr. Gibb: I will not. The hon. Gentleman will soon have his moment.

As my noble Friend Lady Morris, who speaks for the Opposition in the other place, said in Committee:

> "I sound a note of caution…. It may not be the best course of action to be too prescriptive. We think that it is best left up to schools, not central government, to decide on the best way to engage their students."—[*Official Report, House of Lords,* 1 July 2008; Vol. 703, c. 230.]

We fully endorse that view. It is odd, therefore, that a Liberal Democrat peer should have tabled a series of very prescriptive and centralising amendments that will, once statutory guidance is introduced, effectively dictate to schools the issues on which they will be obliged to consult pupils. I had thought that it was a Liberal Democrat mantra that such decisions should be made at the local level.

Jim Knight: Will the hon. Gentleman give way one more time?

Mr. Gibb: I will not give way again; the right hon. Gentleman will have another opportunity to speak when he concludes the debate.

Anyone going through the *Hansard* record of any Bill passing through this House would see it littered with Liberal Democrat amendments, prescribing their particular hobby horses and policy imperatives. They are in favour of local decision making, provided the decision is in line with Liberal Democrat policy and ideology. The Minister, Lady Morgan, clarified on Third Reading what amendments she was supporting. She said:

> "As a minimum, schools should seek and take account of pupils' views on policies on the delivery of the curriculum, behaviour, the uniform, school food, health and safety, equalities and sustainability, not simply on what colour to paint the walls."

She continued:

> "We are not minded to require governing bodies to take account of pupils' views on matters such as staff appointments or the school budget."

She then went on to say a most extraordinary thing, which I can only assume was not said with a straight face, namely that

> "we are also keen to ensure that a duty on schools does not end up with centralised prescription… The regulations will simply set out the issues on which they must invite views. If they want to go further, they can."—[*Official Report, House of Lords,* 11 November 2008; Vol. 705, c. 573.]

That is an extraordinary statement. If the words "regulation" and "must" do not amount to centralised prescription, I do not know what does.

It is not surprising that these amendments have received such a hostile reception from teachers and the teacher unions. As Chris Keates of the National Association of Schoolmasters Union of Women Teachers said to *The Times Educational Supplement*:

> "This is completely unnecessary and will be open to abuse. It is a distortion of the important concept of pupil voice that will lead to headteachers and teachers becoming very disillusioned."

John Dunford of the Association of School and College Leaders said:

> "This is crazy. I am a strong supporter of pupil voice, but schools are increasingly consulting pupils because they think it is the right thing, not because Government tells them to."

He went on to say:

> "I am annoyed and furious that yet another in this continual stream of legal and educational duties is being placed on schools. They all bring unintended consequences."

Our concern about the amendment is not based on the objective of encouraging schools to consult pupils on important matters affecting the school; rather, it is the fact that it is a statutory requirement. This is yet another statutory burden imposed on schools that are already creaking under the weight of fortnightly initiatives emanating from this Government. For that reason, I hope that all hon. Members will join us in the No Lobby to vote against Lords amendment No. 171.

Rob Marris: I declare a sort of interest in that, as you know, Madam Deputy Speaker, my wife was the head of a primary school for a number of years.

I pay tribute to Dr. Bernard Trafford, who will be well known to the hon. Member for South Staffordshire (Sir Patrick Cormack), who I see in his place. Dr. Trafford is the former head of Wolverhampton grammar school, who has taken a national lead on the issue of democracy in schools and the question of schools councils. In fact, he wrote a very informative booklet on the matter, which I have read and would recommend to right hon. and hon. Members.

I would like a little further clarification from the Minister: although I am not nearly as sceptical as the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb), I am still somewhat sceptical. I appreciate that what would become, under amendment No. 171, section 29A(1) of the Education Act 2002 includes the word "must", as the hon. Gentleman has just explained. The full provision would read:

> "The governing body of a maintained school must invite the views of pupils about prescribed matters."

That brings us on to what those "prescribed matters" are. That is explained in subsection (4), where we find that they "may be prescribed" by the Secretary of State in England, and Welsh Ministers in Wales. That "may be" is therefore permissive. However, paragraphs (a) and (b) seem to be so widely drawn in respect of the matters that the Secretary of State "may" prescribe that I would like the Minister's reassurance. Paragraph (a) refers to

> "the exercise, or proposed exercise, of a function of the governing body of a maintained school relating to the conduct of the school",

and paragraph (b) to

> "the exercise, or proposed exercise, of such a function in a particular way."

The function of a governing body of a school—I speak as someone who was a governor of a secondary school in my constituency for four years—is basically to run the school. If the Secretary of State may prescribe what the governors do, my understanding is that anything "may be prescribed" down to the last jot and tittle or the last comma in the running of a school. I hope that that is not the Government's intention—I would appreciate my right hon. Friend's reassurance on that, particularly with respect to hiring and firing.

I may be misreading the provision, but it seems to me that under what would become section 29A (2),

> "the governing body of a maintained school must consider any relevant views of registered pupils",

which suggests something contrary to what I understood my right hon. Friend to state in his opening remarks. It seems to suggest that the school must, on any number of issues that may be prescribed under subsection (4), consult every pupil in order to find out whether they have a relevant view or not. If the pupil does have a relevant view, the governing body, in exercising its functions pursuant to the regulations, must decide how much weight to give to it. How does it discover whether pupils have a relevant view or not? One assumes that the governing body has to ask them.

As I said, I may be misreading the amendment, but contrary to what I understood the Minister to say, there is a "how" about these matters because they cover everything. If my interpretation is correct, everything in a maintained school is covered—including hiring and firing. I understand the desire to make pupils feel included, particularly if we are going to move to compulsory education or training up to the age of 18—that means we are dealing with near-adults whose views should be taken into account; indeed, it is important to take account even of primary school pupils' views through school councils—but how much weight we accord those views, particularly when it comes to hiring and firing, can be an immensely delicate matter. I thus seek my right hon. Friend's reassurance that the Secretary of State, in making regulations under proposed new section 29A(4), will not include issues of hiring and firing in them.

Sir Patrick Cormack (South Staffordshire) (Con): I promise that I shall not attempt to speak any longer than I did last Wednesday, but I would like to make a couple of brief points. I speak not only as the MP for South Staffordshire—the hon. Member for Wolverhampton, South-West (Rob Marris) was kind enough to refer to that—but as someone who was a schoolmaster for 10 years before I entered the House. Any good school has to have proud pupils; otherwise, it is not a good school. Proud pupils are those who like to take part, insofar as they can, in discussing with their teachers and others the running of the school. That is fine. However, to make that opportunity prescriptive and statutory is going a step too far.

The road to hell is paved with good intentions and I do not doubt the good intentions of those who moved the amendment in the other place. I am sorry to find myself at odds with, for example, the noble Baroness Howe, for whom I have the highest possible regard, but on this issue, she and those who support her are just plain wrong, because they have gone too far.

[Sir Patrick Cormack]

My parliamentary neighbour, the hon. Member for Wolverhampton, South-West, made an admirable brief speech in which he pointed out some of the problems that will follow if we make this provision statutory—particularly if we allow future Secretaries of State to determine through future regulation what pupils must be consulted on. Nine times out of 10, anyone who goes into any school nowadays and asks what the head wants of Government will be told "To be left to get on with the job and run the school as I would wish to run it with my colleagues and my governors, without interference".

7.30 pm

Over the last 10 years, the schools of this country have become burdened with excessive legislation. That is not entirely the fault of the present Government; the previous Conservative Government were also guilty of passing too many laws, in relation to health as well as education. We saw the absurdity of that tonight when we were discussing earlier amendments. It became clear that part of an Act that was passed in 2006 was effectively being repealed by this Bill although it had never been brought into force. Other examples, for instance in criminal justice legislation, demonstrate a similar legislative diarrhoea which has led to a rather unpleasant illness.

No one doubts the good intentions behind the amendment, but I ask the Minister to listen to the teachers—union leaders and others—who, over the weekend, described it as a step too far, and asked for it not to be made statutory. I hope that the thoughtful and sensible words of the hon. Member for Wolverhampton, South-West will ensure that we enter the same Lobby—if, that is, the Government persist with the amendments. It would be far better for us to disagree with the Lords and, while encouraging schools to have their councils and other forms of consultation, refrain from putting pupils into the driving seat and introducing the utter absurdity of involving them in what the hon. Member for Wolverhampton, South-West described as issues of hiring and firing. That would be entirely wrong.

I agree with what was said by my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb). I will vote accordingly if a vote is necessary, but I hope that it will not be.

Mr. Laws: Although I enjoyed the speech by the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb), I noticed that he was somewhat more reticent than usual when it came to allowing interventions. That may have been because the force of his argument against the amendments was somewhat undermined by the fact that they had enjoyed the support of his party in another place and, moreover, by the fact that he did not quote in full Lord Elton's words from the Third Reading debate on 11 November. He spoke of the noble Lord's reservations, but omitted the most important part of the quotation. Lord Elton said:

> "I am glad to see the flexibility written into the amendment—the variety of ways in which consultation can take place."—[*Official Report, House of Lords,* 11 November 2008; Vol. 705, c. 572.]

It is clear from those comments that although Lord Elton may have been concerned about the implications of too great a degree of prescriptiveness, he felt that the degree of flexibility in the amendment was quite acceptable.

Because he is assiduous in these matters, the hon. Gentleman will also know that, to some extent, the Liberal Democrat amendment was prompted by Lord Elton's amendment. He did not take quite enough credit for the role played by the Conservative party in another place in originating these proposals. Lord Elton tabled amendment No. 61, which sought to place a duty on the governing body of a maintained school

> "to have due regard to the ascertainable views of the pupil on matters that affect him or her, taking account of his or her age and maturity."

Subsection (2) of the amendment stated:

> "A governing body of a maintained school must establish a democratically formed school council or other collective mechanism, the purpose of which is to enable pupils to discuss matters relating to their school and their education and to make representations on these to the government body and the head teacher."

The hon. Gentleman expressed concern about the prescriptive nature of the amendment tabled by my noble Friend Lady Walmsley. What did she actually say when she had to comment on Lord Elton's amendment? She hesitated to support it, and also, she said,

> "hesitated to be too prescriptive about the way in which the voice of the students should be collected".

She continued:

> "We devised our own amendment that did not specify a school council because we did not want to be too prescriptive; we wanted to give schools the opportunity to be creative and respond appropriately to their own circumstances, devising their own ways of gathering students' views".—[*Official Report, House of Lords,* 1 July 2008; Vol. 703, c. 228-29.]

When we look at what actually happened in another place, we discover that—rather contrary to the impression given by the hon. Member for Bognor Regis and Littlehampton—there was an extremely prescriptive Tory amendment, followed by Liberal Democrat criticism of the extent of the prescriptiveness and by a Liberal Democrat amendment featuring much more flexibility, which was commended by the Conservatives and which they supported when it became a Government amendment and was accepted by another place as a whole.

There was another interesting aspect of the views of the hon. Member for Bognor Regis and Littlehampton and, perhaps, his reservations about pressing his points too strongly. He quoted from various publications, including *The Times Educational Supplement*, which had reported some of the things that teachers' leaders had said over the last week or so. I noted that one quotation was missing. The hon. Gentleman smiles modestly—sheepishly, even. That is because he knows very well which quotation I mean. It is the quotation from his favourite principal of his favourite school, which he mentions frequently. I refer to Mossbourne academy in Hackney, which the hon. Gentleman cited with appropriate reverence earlier. He was referring to an excellent school, but why did he not refer to the quotation from Sir Michael Wilshaw, its head? According to the front page of this week's *TES* he said that

> "schools would not have to alter what they were already doing for pupil voice",

because so many are already, in very appropriate ways, consulting the pupil body, and presumably the academy as well. The hon. Gentleman also mentioned the Education Act 2002, which already places obligations on schools to consult.

Mr. Gibb: This is the point, is it not? Schools are probably already doing that, but what burdens heads and other teachers is the introduction of more statutory obligations to read and understand, and the requirement to assess whether their schools are fulfilling those obligations. That is the problem with putting requirements such as this into law.

Mr. Laws: Surely the issue, as Lord Elton put it, is whether there is sufficient flexibility in the amendment. Presumably it was the fact that Lord Elton and his noble Friends were persuaded of the existence of such flexibility that caused the Conservative party in another place to give a fair wind to the proposals. The hon. Member for South Staffordshire (Sir Patrick Cormack) was rightly anxious for the responsibilities to consult with the student body not to become too onerous. I have no doubt that he has read Lords amendment No. 171, which is framed in very modest terms. It suggests that the governing bodies should invite the views of pupils and consider them. It is not prescriptive in relation to how that should be done, or about the acceptance of those views.

Sir Patrick Cormack: The point is that this must be done. It will become a legal obligation. It is yet another legislative burden that we do not need to place on hard-pressed people whose sole aim is to run good schools.

Mr. Laws: We all note the clear divisions in the Conservative party between the views expressed in this place and another place. I simply draw the hon. Gentleman's attention to the view of his noble Friends that there is enough flexibility in the amendment to allow for his concerns. He will also know that on 11 November Baroness Morgan put on the record in another place the specific areas in which there would be a requirement on schools to consult in different ways with pupils, and those certainly excluded issues such as staff appointments—*[Interruption.]*

Madam Deputy Speaker: Order. Mr. David Laws.

Mr. Laws: Thank you, Madam Deputy Speaker. I am sure Members would not want to bring the discussion of this amendment to too early a close.

I also invite Members to take reassurance in one other respect. The significance of the amendment will be heavily dependent on the regulations that are brought forward by the Minister on this point, and it will be quite possible for the Minister to make sure that they are drafted in such a way as to ensure the flexibility that all Members would wish for. I hope the Minister will be able to confirm that when the regulations are brought forward, they will embed the flexibility that all Members of this House want, and that ensured there was unanimity on this amendment in another place.

Jim Knight: The hon. Gentleman has made the case very well, and I do not need to detain the House for long. We have yet another U-turn from the Conservative party. It is not quite as rapid a U-turn as that which the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) made on standard assessment tests, but it is extraordinary: Baroness Verma, who led for the Opposition on this in the Lords, said on 30 October that the amendment responded to the concerns of her noble Friend Lady Morris:

> "The amendment has been tailored to meet that small concern and I am happy to offer my support for it"—*[Official Report, House of Lords,* 30 October 2008; Vol. 704, c. 1743.],

but the Tory Front-Bench team is voting against it now.

I give the reassurance to the hon. Member for Yeovil (Mr. Laws) and my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) that we will consult social partners, schools and unions on what should be in the regulations. We have already said we do not intend to be prescriptive on matters such as staff or terms and conditions. This will be at a high level. The amendment will retain the flexibility everyone has been asking for, and it is bizarre and inflexible of the Opposition to want to vote against it.

Question put, That this House agrees with the Lords in the said amendment:—

The House divided: Ayes 288, Noes 120.

Division No. 325] **[7.42 pm**

AYES

Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gardiner, Barry

George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and
Chris Mole

NOES

Afriyie, Adam
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baron, Mr. John
Bellingham, Mr. Henry
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Leigh, Mr. Edward
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McLoughlin, rh Mr. Patrick

Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Spice, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Timpson, Mr. Edward
Turner, Mr. Andrew
Vara, Mr. Shailesh
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Widdecombe, rh Miss Ann
Wiggin, Bill
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Angela Watkinson and
Alistair Burt

Question accordingly agreed to.

Lords amendments Nos. 172 to 215 agreed to

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): I propose to put together motions 4 and 5.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

CRIMINAL LAW

That the draft Youth Justice Board for England and Wales (Amendment) Order 2008, which was laid before this House on 22nd October, be approved.

CONSTITUTIONAL LAW

That the draft National Assembly for Wales (Legislative Competence) (Social Welfare and Other Fields) Order 2008, which was laid before this House on 15th October, be approved. —*[Ian Lucas.]*

Question agreed to.

TREASURY

Ordered,

That Mr Philip Dunne be discharged from the Treasury Committee and Mr Stephen Crabb be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

PETITION

Further Education (Wirral)

7.58 pm

Ben Chapman (Wirral, South) (Lab): Although the residents of Eastham are much concerned about the effect on their lives and environment of the proposed development of a Biossence waste recovery plant and an Agri Energy biofuel plant, they are also concerned about keeping the good things that they have. Some 110 of those residents have petitioned against the closure of Carlett Park campus during the brief period of opportunity for them so to do. Their petition states:

> The Petition of residents of Wirral,
>
> Declares that the proposed closure of Carlett Park Campus, a major site of Wirral Metropolitan College, would have a detrimental effect on current further education provision in South Wirral and beyond, would present difficulties to those wishing to pursue further education courses at Wirral Metropolitan College, fails to take account of the history and local importance of the site, and would discriminate against those whose circumstances dictated against travelling to an alternative site further away from the Carlett Park campus.
>
> The Petitioners therefore request that the House of Commons urges the Secretary of State for Children, Schools and Families to make representations to Wirral Metropolitan College to encourage the continued existence of the Carlett Park site.
>
> And the Petitioners remain, etc.

[P000288]

Health Care (Sutton)

Motion made, and Question proposed, That this House do now adjourn.—*[Ian Lucas.]*

7.59 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): A little earlier, when I walked into the Chamber, I was overwhelmed by the pleasure that Members displayed on seeing me. I think that it had something to do with the earliness of the hour and the opportunity they would have to get on with other business on behalf of constituents.

I am grateful for the opportunity to raise the issue of health care in my constituency and in the wider borough of Sutton, and my hon. Friend the Member for Carshalton and Wallington (Tom Brake) hopes to contribute to the debate if he can. I shall start with some geography. Although my constituency is called Sutton and Cheam, the area known as Worcester Park makes up a large part of it. Many of my constituents feel that because it is not included in the name of the constituency, it is often overlooked. I wish to ensure that that is not the case in this debate.

There are real concerns about the quality and accessibility of primary, acute and mental health care in the London borough of Sutton and in particular in my constituency. I wish to raise five issues with the Minister in this debate. The first is the need for an early decision on the funding for "Better Healthcare Closer to Home" in general, and the new patient block at St. Helier in particular. The Minister will know from meetings that we have had that this issue is close to my heart and of considerable concern and interest to my constituents.

Secondly, I want to talk about the future governance arrangements for the Epsom and St. Helier trust and the constituent parts of that trust. Thirdly, I want to draw attention to the shortage of GP cover in the Worcester Park part of my constituency. This has been an issue for some time, which is why I am mentioning it tonight. Fourthly, I want to register some concerns about mental health services and their development—or lack of it. Finally, I want to raise the future of the Sutton hospital site.

"Better Healthcare Closer to Home" is a programme that has been worked up by the local acute trust, Epsom and St. Helier, the Sutton and Merton PCT, Surrey PCT and others over the last five or six years. A great deal of time and taxpayers' money has been spent on endless rounds of stakeholder engagement, citizen juries, consultation, strategies, plans, designs, the redrawing of those designs and—of course—consultants, to little apparent effect over the last 10 years. Although "Better Healthcare Closer to Home" is the current programme, there have been previous exercises with various titles, including "Investing in Excellence". All those programmes have attempted to grapple with problems such as providing more health care outside general hospital settings and in the community, to bring more health care, diagnostics and other treatments closer to where people live.

Many of us welcome such ideas, but it is also recognised that long-overdue investment is needed in the general hospital at St. Helier. I say that many of us recognised that, but not all of us did, and part of the reason why the process has taken so long is that that view was not generally held for some considerable time. As a result, we have had much to-ing and fro-ing over where a new general hospital might be built. I am pleased to say that we now have a conclusion, which is that it should remain where it is, at St. Helier, and that that is where the investment is needed.

For the period 2004-08 more than £4 million has been spent on the "Better Healthcare Closer to Home" programme. That money has not built anything, but it has produced reams and reams of paper. So far, it has not delivered anything. We will never know how much was spent on the abortive work on "Investing in Excellence", because as the trust said in reply to a freedom of information request,

"any invoices related to this project will have been destroyed".

We will therefore never know precisely what costs were incurred, but we do know that—since 2000 when the St. Helier and Epsom hospitals merged into a single trust—£7.7 million has been spent on consultants. We do not know whether all that consultancy related to these programmes.

As a result of all these delays, while Kingston, St. George's in Tooting and even the Mayday hospital in Croydon have seen investment, St. Helier has sat perched on the hill overlooking south London, with paint peeling, marking time, waiting for a future.

Tom Brake (Carshalton and Wallington) (LD): My hon. Friend may remember that some new investment went into St. Helier hospital—for a new fountain at the entrance.

Mr. Burstow: My hon. Friend is correct: we have seen investment in a much needed fountain at the front of the hospital. I am sure that it has been uplifting to the spirits of many of our constituents who have passed through its doors, although they would probably have preferred to see investment in the buildings.

Mr. Andrew Pelling (Croydon, Central) (Ind): Residents in Croydon obviously have a real interest in health care in the constituencies of the hon. Members for Sutton and Cheam (Mr. Burstow) and for Carshalton and Wallington (Tom Brake), who have been conscientious about raising these issues in the House. Is not the problem that we have seen uncertainty about health provision in that part of south London? Now is the time to invest, but the only investment in St. Helier hospital will be in Ferguson house. In many ways, perhaps because of the university and training hospitals elsewhere in London, our area suffers from a lack of investment. Our residents in Croydon and Sutton therefore end up being short-changed.

Mr. Burstow: The hon. Gentleman makes some fair points about the limbo that the health service in the London borough of Sutton has experienced for some time. At long last, however, the local NHS has come up with a plan that has secured the support of the joint overview and scrutiny committee, which comprises elected members from Merton, Sutton and Surrey, and local residents and local MPs, including the hon. Member for Mitcham and Morden (Siobhain McDonagh). That plan has been submitted as an outline business case to NHS London. The plan includes a brand new, state-of-the-art building that will replace Ferguson house and will house the majority of the hospital's wards and clinics. It also sees the establishment of a network of local care centres—formerly known as care hospitals—throughout Sutton and Merton.

The investment at St. Helier in the new patient block is the keystone of the plan. Without it, the plans collapse, because they do not support the weight of the logic that drives them. Without that plan, my constituents will not get the 21st century health care to which they are entitled. What is urgently required now is a green light from the Government—in the first instance, from NHS London and then from the Department for Health and the Treasury—to fund the £140 million cost of the new building. I fear that further delay could be fatal to the future of our general hospital.

My second point concerns the future governance arrangements for Epsom and St. Helier hospitals. The trust is consulting on a range of options, including maintaining the status quo of the current arrangements for Epsom and St. Helier, and the possibility of an amicable divorce between the two hospitals. Having seen a succession of chief executives struggle to make the trust function as a single effective entity, I am convinced that a de-merger is the right way forward. Straddling the Greater London boundary, the trust finds itself pulled in at least two directions: south to meet the needs of north Surrey and north to meet the needs of Sutton and Merton. It is constantly being pulled by two strategic health authorities with different agendas, trying to meet the different aspirations and needs of different populations. It will always find it difficult to meet those aspirations as one corporate entity.

Epsom and St. Helier was created by something of a shotgun marriage in 1999. At the time, the Department of Health saw the need to try to stabilise the financial situation in both trusts—particularly, as I understand it, in the Epsom Health Care NHS Trust, as it was at the time—and drove the change to a speedy conclusion. It certainly did not benefit from as much external scrutiny as local overview and scrutiny committees would give such changes today. The legacy of that shotgun marriage has been a decade of paralysis.

De-merger would allow a St. Helier NHS trust, as it would become, to focus on meeting the needs of residents in Sutton and Merton, delivering long overdue investment in services and infrastructure. My only concern, however, is that a possible de-merger could derail investment at St. Helier and the implementation of "Better Healthcare Closer to Home". My hon. Friend the Member for Carshalton and Wallington and I have sought reassurances from the Epsom and St. Helier trust that that would not be the case, and we have heard warm words of encouragement. The trust believes that it would not undermine anything within the outline business case that has been submitted. I hope the Minister will be able to reassure me on that point. If we can secure the future of St. Helier and see the roll-out of "Better Healthcare Closer to Home", that should create the necessary space to concentrate on other deficits in local primary care and mental health services in the Sutton area.

That brings me to my third point. I have for some years now been dealing with constituents in Worcester Park who have experienced serious difficulties in obtaining access to a local GP's list. Indeed, I understand that constituents moving from the Sutton part of my constituency to Worcester Park often beg their GP to let them remain on their books for that very reason.

Worcester Park could be described as a GP desert. When one crosses the Kingston and Sutton boundary, one will find no GP practice until one hits the London road. I believe that it is time that Sutton and Merton, as a primary care trust, took up its responsibilities to ensure a fair distribution of GP provision across the area and actively engaged with local residents in Worcester Park to gauge the true level of local need and to meet it appropriately. The trust has continued to argue for too long now that there is no problem, despite all the anecdotal evidence, the evidence from my mailbag and the views of some GPs in the area who have identified the problem. I hope that the Minister will encourage the primary care trust to take on that challenge and to engage with the local population on the issue.

My fourth point relates to mental health. Again, reorganisation of mental health services in south-west London and sometimes weak health care leadership—particularly in the past—have left mental health services in the London borough of Sutton suffering from under-investment. There has been a lack of investment in developing supported living and supported employment and in building capacity in the private and voluntary sectors to provide a more diverse and appropriate community-based set of services for people with mental health problems and learning disabilities.

A consortium of south-west London primary care trusts is on the verge of consulting on plans for acute provision that might lead to the loss of beds at the Chiltern wing on the Sutton hospital site in my constituency and their possible transfer to remote locations at either Tolworth or Springfield in Tooting. I do not support the loss of acute beds in the borough. I think that that would be bad for patients and for their carers and families. I strongly believe that the opportunity should be taken to break down the stigma around mental health by co-locating mental and physical health services on the same sites.

Community mental health services could be co-located with local care centres. Indeed, that is suggested in the outline business case that has been submitted. The opportunity should similarly be taken to consider the possibility of locating acute mental health beds separately but on the St. Helier site. That should not be lost sight of in the necessary drive to get an outline business case signed off for the new patient block at St. Helier.

Finally, question marks remain over the future of the Sutton hospital site. If "Better Healthcare Closer to Home" moves from theory to practice, and we start to see its implementation, that will leave a question mark hanging over the future of the Sutton site after 2016. That seems some way away, but my constituents feel that they need to know with some certainty that there are clear undertakings and processes surrounding how that site's future will be determined. They regard NHS land as precious, as I do. Once it has been built on—particularly once houses are built on it—it is lost, which means that the huge opportunities are lost. Before it is lightly disposed of, the site's potential for future use by both the NHS and social care in my area should be actively explored. I hope that the Minister agrees that my constituents should have a chance to have their say in the future use of the site, to ensure that it meets local health care needs and addresses the running sore of spill-over parking on residential roads around the site.

Sutton hospital has some prestigious neighbours: the Royal Marsden and the Institute of Cancer Research. They deliver world-class research and world-class treatment and care. The opportunity to expand science and to

[Mr. Burstow]

develop cancer services should not be missed. Already, the possibility of collaboration between the Marsden and local GPs is under discussion. The idea is to develop a new GP clinic on part of the site.

Let me end where I began. Too much time, energy and money has been absorbed getting to this point, but we are here at last. Much now hangs on an early green light for the outline business case for St. Helier and for "Better Healthcare Closer to Home". Those proposals unlock the opportunity to deal with mental health and primary care, and I hope that the decision can be taken soon.

8.16 pm

Tom Brake (Carshalton and Wallington) (LD): First, I apologise to my hon. Friend the Member for Sutton and Cheam (Mr. Burstow) for arriving two minutes into his speech. I had anticipated that we would reach this point at 10 o'clock, so I had to hot-foot it in from my constituency to be here in time for the debate. I thank my hon. Friend for giving me a couple of minutes, and I shall not detain the Minister for longer than that.

It is incumbent on my hon. Friend and me to confirm that there is some good news in Sutton. I am pleased that in Wallington, at the Shotfield health centre, we can see major works under way with lots of scaffolding. Significant progress is clearly being made and, in the next 18 months or so, we will see a large, new, purpose-built, fit-for-purpose health centre. It will replace the health centre that my family have used, which is completely inadequate at present. That will be a fantastic, positive and modern development and I want to praise the GPs for the way in which they have worked with local residents, local residents' groups and local councillors to come forward with a scheme that is acceptable to everyone locally.

I also want to take this opportunity to praise Carshalton Fields surgery, which organised a vocal campaign on the issue of polyclinics, expressing support for continuing to operate as a local family practice. I welcome confirmation from the PCT that the surgery can continue to do that if it so chooses.

I also welcome the "Clean Your Hands" campaign, which has been organised by the primary care trust. It is clearly beginning to have an impact both in the primary care trust and the acute trust. I do not know whether my hon. Friend has been to St. Helier hospital recently, but wherever one walks there are machines that dispense hand creams and that talk to people as they walk past, encouraging them to make use of them. That is a positive development.

The final positive development is the substance of my hon. Friend's debate, and that is the proposed business case. My hon. Friend and I both await a positive outcome and the confirmation that the £140 million that will be required to enable that case to proceed will be forthcoming.

Mr. Pelling: I am grateful to the hon. Gentleman and to the hon. Member for Sutton and Cheam (Mr. Burstow) for letting me get involved in their party, because there are issues in south London that I should like to draw to their attention. There are much the same pressures in Croydon as in Sutton. The hon. Member for Sutton and Cheam pointed out that health needs and demands mean that much of the hospital care is drawn either south towards Epsom or northwards to serve the needs of people in the borough of Merton. In some ways, the same issue applies in Croydon, in that Mayday is quite northerly—

Madam Deputy Speaker (Sylvia Heal): Order. I hope that the hon. Gentleman will not widen the debate—it is about health care in Sutton, so he should relate his comments accordingly.

Mr. Pelling: I take that point, Madam Deputy Speaker. In the context of the pressures, we have to take cognisance of the need for relevant services across south London. Close to the constituency of the hon. Member for Sutton and Cheam, and just over the border of Carshalton and Wallington, Purley hospital has not been able to be rebuilt either. As in the example of Mayday, there is a need to move it to the gateway site in central Croydon rather than its being in north Croydon.

Tom Brake: I thank the hon. Gentleman for that intervention. He encourages me to stray slightly beyond the borders of the London borough of Sutton, which I am loth to do. I am sure his constituents have noted his intervention in the debate and the significant points he has made on their behalf.

I have a couple of not such good news stories. A point was raised with both my hon. Friend the Member for Sutton and Cheam and me by one of his constituents about the standard of care received by her elderly relative when she was in St. Helier hospital. Apparently my hon. Friend's constituent was asked by nurses whether she lived locally and when she confirmed that she did, she was asked to go home and get some pillows for her relative as there was a shortage in the hospital. Given that the funding the Government have provided the NHS has increased to the extent it has, which we admit, why is it still the case that some of the basics—the fundamentals of care—have still not been addressed as we would like? The constituent described the care received by her elderly relative in hospital and it is not something that any of us would feel comfortable about if our relatives had experienced it. I cannot refer to the case in more detail because I have not checked whether my hon. Friend's constituent would be happy for me to mention anything more specific. None the less, some of the fundamentals have not been addressed.

Again on the negative side, my hon. Friend referred to the de-merger. As he said, it could delay proceedings further, but what is more fundamentally dispiriting is that it is a recognition of the fact that the trust never succeeded in getting the Epsom and St. Helier hospitals and their consultants to work together effectively.

My final point is a Sutton issue, albeit not specifically or solely, so I hope that the Minister will have been briefed about it. It relates to the Henderson hospital, a matter that my hon. Friend and I have discussed with a succession of Ministers for months, if not years—it is ongoing. The fundamental issue, which has not been picked up by the Minister of State, the hon. Member for Corby (Phil Hope), who has most recently responded to us, is that an assessment of the effectiveness of the therapeutic model at the Henderson has still not been carried out. The Government say that they have looked at whether there has been replication of the model—there has—yet the proposal is to cancel or abolish it without anyone having looked at whether it is effective. The Department of Health says that the therapeutic model has not proved itself because there is no evidence and that, because there is no evidence, we have to get rid of it. However, if anyone had been able to obtain some evidence, it might have confirmed that the therapeutic model was perfectly viable and the right approach.

I may have surprised the Minister with that point, but I hope that he can write to my hon. Friend and me to confirm that when the National Institute for Health and Clinical Excellence considers at an international level the appropriateness of models such as the Henderson, it will look at the Henderson and identify hospitals and communities internationally that are doing similar things. That will confirm once and for all whether that type of therapeutic approach for people with personality disorders can work. At the moment the work has not been done, so it would be entirely wrong for the Government to get rid of that therapeutic model. The Minister may say that he is not responsible for that work, but I am sure that he would like in-depth research into the effectiveness of the model. I conclude on that point, but as my hon. Friend said, I hope we shall hear good news about the "Better Healthcare Closer to Home" project and that the team's proposal will be endorsed by NHS London, the Department of Health and eventually the Treasury so that the development can take place.

8.26 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate the hon. Member for Sutton and Cheam (Mr. Burstow) on securing the debate. I appreciate the comments that he and the hon. Member for Carshalton and Wallington (Tom Brake) have made.

I begin by paying tribute to the NHS staff in and around Sutton for their hard work and dedication, as a result of which, with the Government's investment in the health service, the hon. Gentlemen's constituents are receiving better health care than ever. Waiting times are at record low levels, life expectancy and other health outcomes are higher than they have ever been and with more than half GP surgeries in the constituency of the Member for Sutton and Cheam now offering extended hours, it is easier to see a GP in Sutton than ever before. The latest annual report into NHS performance by the independent health watchdog the Healthcare Commission said that both the primary care trust responsible for organising services in the hon. Gentleman's constituency and his local hospitals have improved on their performance of last year.

As the hon. Gentleman will appreciate, however, health care can never stand still. With advances in medical technology and treatment, the NHS has constantly to examine how it can best provide services to meet the needs and expectations of the public. There is also, as he understands and acknowledged in his speech, a long history to the debate over the best way to organise services in south-west London.

We are now at the stage where proposals have at last been agreed, as the hon. Gentleman also graciously acknowledged. The proposals are supported not only by all the PCTs and acute trusts in the area that have an interest, but by the local Members of Parliament, with whom I have had discussions about the issues on a number of occasions in the past, and they have been unanimously supported by the local overview and scrutiny committees—the local government representatives who scrutinise local health proposals and, if they feel the need, object to them.

The local needs, local health review launched jointly by Epsom and St. Helier University Hospitals NHS Trust and the London strategic health authority will consider whether there are better ways of managing the two hospital sites, as the hon. Gentleman outlined, and better ways for the trust to meet the diverse health needs of his local communities. It will look at how it can ensure that patients access better services locally, and that the trusts continue to improve standards of care and meet their statutory obligations, while recruiting and retaining adequate staff and maintaining their continued professional development.

The review is not exclusive to the trust and the London SHA. It involves three other partner organisations: Sutton and Merton primary care trust, Surrey PCT and the South East Coast strategic health authority. The organisations should be commended for working together in an effort to reach a workable solution that should meet the needs of the populations that they all serve; that is not always easy, when local considerations come into play. The local needs, local health review will be run by a project board, which will be made up of executive and non-executive directors from the five partner organisations and chaired by the London SHA. A project team of senior managers from the partner organisations will support the project board. The team will be led by a project director, who will report directly to the trust.

It is hoped that the project board will meet in December for the first time. One of its first tasks will be to engage staff and volunteers in the review process to ensure that their concerns and views are taken into account. The project board should be in a position to deliver a formal report by the end of spring 2009. That should allow sufficient time for the review to take place, while the uncertainty surrounding the future of the two hospitals is resolved as quickly as possible. Of course, I understand the desire of the hon. Members for Sutton and Cheam and for Carshalton and Wallington to make rapid progress, but I hope that they understand that it is important to get things right, rather than move quickly to make changes that one might later regret.

As the hon. Member for Sutton and Cheam said, the "Better Healthcare Closer to Home" strategy is linked with the plans for Epsom and St. Helier University Hospitals NHS Trust. The strategy is led by Sutton and Merton PCT, in partnership with Epsom and St. Helier University Hospitals NHS Trust. Its aim is to reshape the whole health service in Sutton and Merton, so that it provides better quality health care, designed around the needs of local people.

The programme proposes to create integrated health care services, based in a number of local care centres that are supported by a local acute hospital that provides core secondary services. The outline business case, referred to by the hon. Members for Sutton and Cheam and for Carshalton and Wallington, was submitted by Sutton and Merton PCT to NHS London on 23 October. It is a complex programme, comprising a number of projects, the largest of which, as the hon. Member for Sutton

[Mr. Ben Bradshaw]

and Cheam acknowledged, is the £152 million first phase of redevelopment of St. Helier hospital. Other projects include local care centres in the following locations: Nelson hospital, costing £19 million; St. Helier hospital, costing £15 million; and Wilson hospital, costing £10 million. There will also be an intermediate care centre on the Wilson hospital site, costing £12 million.

In total, the projects for which approval is sought from the SHA have a capital value of £208 million. In addition to the suite of projects that I have just outlined, there are a further two—a local care centre at Wallington and an urgent care centre on the St. Helier site—with a combined capital value of £18 million. As I am sure that the hon. Member for Sutton and Cheam will appreciate, the assessment of all those projects has to be thorough, and the analysis must be robust. Capital advisory staff at the London SHA will collate responses and questions from the project board, and they will be sent to the PCT and trust in December. Subject to satisfactory responses by the trust and PCT to the questions raised, NHS London will take the case through its approval process in January 2009.

Assuming that all goes to plan, and the proposals are approved by the SHA and my Department, the proposed timetable is as follows: the Wallington local centre should open in 2011, the Nelson and Wilson local care centres and the Wilson intermediate care centre will open in 2013, and the St. Helier local care centre and phase 1 of the site redevelopment will open in 2016. That timetable allows time for the development of detailed plans for final approval, the production and approval of full business cases for each element of the project, including Treasury approval for the St. Helier site, and the construction and commissioning of the buildings.

The hon. Gentleman reminded me of his interest in a possible fifth local care centre, to be sited on the Sutton hospital site. I understand that the PCT is in preliminary discussions with the Royal Marsden NHS Foundation Trust about possible options for the development of a different type of health facility on that site. Again, I hope that the hon. Member will appreciate that all the interested parties want to make sure that the proposals meet the needs of the local community, and that we provide first-class, sustainable services in surroundings that are fit for purpose and represent the modern, high-quality NHS.

The hon. Member for Carshalton and Wallington will have to forgive me; I was not briefed on the issue of the Henderson hospital site. However, I will ensure that he gets a response on the subject from my fellow Minister of State, my hon. Friend the Member for Corby (Phil Hope), who is responsible for mental health matters. On the complaint that he mentioned about services provided at Epsom general hospital—

Tom Brake: St. Helier hospital.

Mr. Bradshaw: I beg the hon. Gentleman's pardon. I am sure that he will encourage his constituent to make a formal complaint, if they have not already done so. We have an independent, robust complaints system in place, and it is important that Members of Parliament encourage constituents who have such cases to take it up, not least because hospitals' performance is judged not only on the number of complaints that they receive, but on how they respond to them.

The hon. Member for Sutton and Cheam also raised the issue of the provision of mental health services, and mental health beds, in his constituency. The London SHA informs me that the number of mental health beds has gone down in his area, as investment in community services has risen across west London. That pattern is replicated across the country. The four PCTs in the five boroughs served by the South West London and St. George's Mental Health NHS Trust have recently started work on a joint strategic plan for in-patient services across all care groups. That includes plans for Sutton hospital and mental health in-patient services. Sutton and Merton PCT is leading on that work, which is likely to lead to consultation on a range of options in the spring of 2009, with decisions expected next summer. Those options are likely to include some that retain mental health beds in Sutton and others that transfer them to other boroughs. I encourage him to be closely involved in that consultation process so that he can be reassured that his voice is heard.

Tom Brake: Could the Minister confirm on the record that he would expect accessibility of mental health services to be just as important as accessibility of other health services? The whole proposal, "Better Healthcare Closer to Home", is about making general health services more readily accessible to local people, and that must also be the case for mental health services.

Mr. Bradshaw: The hon. Gentleman is right that any organisation of services has to take access into account, and national guidelines will be laid down to ensure that that happens. However, the decision as to how best that is done on the ground is taken by the local health service. If there are fundamental and comprehensive changes to how services are organised in any particular area, it is open to him, or to the local councillors in that area, to raise objections through the overview and scrutiny and independent reconfiguration process, and I encourage them to do so if they are concerned about it. As the hon. Member for Sutton and Cheam knows, the issues to do with the provision of these services are for his local health trust to resolve, and I encourage him and other hon. Members with an interest to engage in that process.

The hon. Gentleman raised a problem in part of his constituency about density of GPs. I will have a word with the primary care trust about that, but I urge him to maintain the pressure on it. It is important that PCTs take GP access seriously to ensure that no members of the public are disadvantaged by a shortage of GPs in a particular area. As I am sure that he will appreciate, overall investment in primary care, as in all health services, is increasing year on year. That is the responsibility of PCTs, which will now be measured and ranked, not least on how they provide these services to deliver them in a proper and fair way.

I hope that this debate has gone some way towards reassuring the hon. Gentleman that the proposals for Epsom and St. Helier, and for local care developments as part of "Better Healthcare Closer to Home", are moving forward. NHS London has advised me, in response to another question that he raised, that "Better Healthcare

Closer to Home" and the local needs, local health review are unrelated. One does not depend on another, the first being about service development and the second being about organisational management arrangements. The local needs, local health review should have no significant impact on any aspect of "Better Healthcare Closer to Home". I am meeting the chief executive of NHS London tomorrow, and I will ensure that she is aware that this debate has happened. Matters are still ongoing in relation to the local needs, local health review. Any decisions taken about the future of Epsom and St. Helier, whether it remains as one trust or becomes two separate trusts, will be subject to consultation, and, as the hon. Gentleman asked, the views of local people will be considered before any final decisions are made.

Question put and agreed to.

Adjourned accordingly at twenty-three minutes to Nine o'clock.

House of Commons

Tuesday 18 November 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Housing Policy

1. **Sarah Teather** (Brent, East) (LD): What assessment she has made of the impact of the current economic climate on her Department's housing policy. [236262]

The Minister for Housing (Margaret Beckett): The Government recognise that the current market conditions pose significant challenges. We are responding by helping those at risk of repossession, bringing forward money for affordable housing this year and next, and establishing new programmes to help first-time buyers and support the construction industry. While responding to the immediate challenges that we face, the Government remain committed to meeting the long-term housing needs of an ageing and growing population.

Sarah Teather: Is the Minister aware that 1.7 million families are languishing on housing lists waiting for homes? Why will she not allow councils the same borrowing rights as registered social landlords, so that they can buy land now while it is cheaper? Surely the Government should be trying to make the best of the current economic downturn, and using it to plan for the future.

Margaret Beckett: We are trying to make the best of the current economic downturn, and we are indeed considering what can be done. In some circumstances councils have more freedoms than they have exercised, or in some cases been aware of, in recent years, but I assure the hon. Lady and the House that we are considering all circumstances and all options in order to do what we can to ease people's problems through the present difficulties.

David Wright (Telford) (Lab): I welcome my right hon. Friend's commitment to affordable housing, but may I caution her against returning to the days when we built large mono-tenure housing estates? It is crucial for us to retain mixed-tenure estates. One way of investing in affordable housing to liberate the supply in the social rented sector is to build more affordable housing schemes for supported housing, which shakes people down through the tenancy stream and frees up social housing tenancies. Will she look again at our supported housing strategy, particularly for older people, but also for young people?

Margaret Beckett: My hon. Friend is entirely right, and has shown remarkable prescience. I am indeed taking a great interest in the possible opportunities for social housing, for precisely the reasons that he has given. Social housing can be beneficial and offer a better option to some who are seeking housing, but it can also help to solve the problem of under-occupation, which does sometimes arise.

Mr. Ian Taylor (Esher and Walton) (Con): The current market conditions are actually making housing more affordable, while also providing lower mortgage rates. We need more social housing in my constituency, but I am not sure that we need the Government's long-term housing targets. The south-east draft plan refers to possibly allowing for overspill from London, and targeting us as a growth area. That causes the real worry of whether we can accommodate those people, given that much of the constituency is green belt.

Margaret Beckett: I understand the anxieties that the hon. Gentleman has expressed, but we still have substantial unmet housing need. We cannot as a country, let alone as a society, afford to ignore that and hope that somehow it will vanish, because it will not. I have some sympathy with his concerns, and I know that there can be problems if people are anxious about these natters, but we have to put homes somewhere.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): While demand for affordable housing is rising, does my right hon. Friend share my disappointment at the fact that my local authority, Westminster, managed to ensure that only 11 per cent. of the area's housing built last year was affordable? Given that the Mayor of London now appears to be set on tearing up the target of half all housing built in London being affordable, will she take whatever steps are necessary to ensure that we meet the growing demand for social and other affordable housing across the country?

Margaret Beckett: I entirely understand my hon. Friend's point, and share her disappointment that more was not achieved last year in her constituency and her area. She says that the new Mayor does not propose to continue with the targets set by his predecessor. She may be pleased to learn that the Mayor has assured me that he expects to be able to deliver as much, perhaps even more, through agreement with the boroughs, and I am sure the whole House will wish to hold him to that.

Sir George Young (North-West Hampshire) (Con): The target of 3 million new homes by 2020 was a very challenging one when it was announced many months ago, before the economy entered its downturn. Does the right hon. Lady believe that it is still attainable?

Margaret Beckett: My understanding is that that was an ambition, whereas some of the more short-term numbers in the programme are definitely targets. Of course I appreciate that, owing to the present difficulties, people will consider whether and on what trajectory we should meet the need, but I am sure the right hon. Gentleman agrees that because the need is not going to go away, the targets cannot just disappear either.

Paddy Tipping (Sherwood) (Lab): In a difficult economic situation, there may be a tendency for developers to build on greenfield or green-belt sites before moving to the more expensive and difficult brownfield sites. The Government have an excellent record in the east midlands, where 75 per cent. of development is on brownfield land. Will my right hon. Friend continue to make her policy "brownfield before greenfield"?

Margaret Beckett: I take my hon. Friend's point. He is right that the Government have an excellent record, and this is one of the many targets that others said we could not possibly meet but we have met; in fact, we have exceeded the targets on building on brownfield. I understand his concerns, and I feel sure that all Members will agree with him that we should do this, rather than, as the hon. Member for Esher and Walton (Mr. Taylor) mentioned, go for greenfield development.

Grant Shapps (Welwyn Hatfield) (Con): Now that the new Minister for Housing has, we understand, dumped the Prime Minister's 3 million by 2020 target for house building and has stated instead that it was only ever an ambition—it certainly was a target according to the quotes of the Prime Minister that I have to hand—can she tell us whether eco-towns were also only ever an ambition, or does the faltering eco-town project for 10 new eco-towns remain on target?

Margaret Beckett: The eco-towns programme is totally on course. As I think the hon. Gentleman will know, we have only recently published the draft planning guidance and the sustainability appraisal. I am not committed to any specific number. It is certainly the case that under the programme that was previously put forward, one site has met the "generally suitable" criterion, and we believe others can meet it. They all have ambitious and difficult targets to achieve, however, which will be different for each one. What is important is that every site in that programme achieves the standards that would be required for eco-town status, and I have said—clearly, I hope—to those who are ambitious to take part in such developments, of whom there remain many, that they will be required to meet those standards. The standards will not be lowered, and that is why I say that I am not—neither are the Government, and nor have we ever been—fixed to any specific number. That will depend on which of those involved meets the targets, but I shall be extremely disappointed if there are not substantially more than the hon. Gentleman is trying to pretend.

Local Authority Housing Revenue Account

2. **Mr. Philip Hollobone** (Kettering) (Con): If she will hold discussions with Treasury Ministers to ensure that revenue from the local authority housing revenue account is directed to social housing. [236263]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The current review of council housing finance is a joint review between my Department and the Treasury. It includes a thorough exploration of the housing revenue account—HRA—subsidy system. DCLG and Treasury Ministers regularly discuss the progress of the review.

Mr. Hollobone: Council tenants in the borough of Kettering pay £12 million a year in council rent, £3 million of which goes into the Treasury coffers and is not reinvested in council housing in Kettering. Why should council tenants in my constituency pay £1 in extra stealth tax for every £4 they pay in council rent?

Mr. Wright: I know that the hon. Gentleman and his constituents are concerned about this, and the Government recognise that the current system can be unpopular and perceived as unfair. That is precisely why we undertook the review of council house financing. The review of the HRA subsidy system will look at how local authority housing is financed. It will cover such issues as the recycling of rental income subsidies and the concept of negative subsidy, and I hope that that will address the concerns of the hon. Gentleman and his constituents.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): After years of neglect by the previous incumbents in government, there has been substantial investment in social housing in my area. Slum houses have been removed and new buildings have been put up that are far more suitable for the people in our community, and we thank the Minister and this Government for that—*[Interruption.]* It needs to be said—*[Interruption.]*

Mr. Speaker: Order. It is best to thank the Minister privately but to ask the question publicly.

Mrs. Curtis-Thomas: Thank you, Mr. Speaker. On this point, can my hon. Friend reassure me that in the current investment in social housing, which is part of a massive rolling programme, young people who are doing skilled work at college are employed in local projects, so we can take full advantage of that significant investment?

Mr. Wright: I thank my hon. Friend for that challenging question; I agree with her completely on this. When we came to power in 1997, some £21 billion of spending was needed to refurbish the council housing stock. That was disgraceful, and a terrible legacy of the previous Tory Government. By the end of 2010, we will have spent in the region of £40 billion—a once-in-a-generation opportunity to refurbish a generation of council housing. My hon. Friend will be pleased to hear that in the next comprehensive spending review about £8.4 billion—a 50 per cent. increase—will be provided in order to provide the social and affordable housing that this country needs.

Mr. David Curry (Skipton and Ripon) (Con): Is the Minister aware that social housing depends hugely on the health of the private sector? A huge part of social housing is a by-product of housing that is in the marketplace. Given the recession that we are entering, is he aware that the Housing Corporation is permitted to finance only up to 40 per cent. of social housing developments, and that the rest must come from sale-for-market properties or from borrowing? Given the dependence of social housing on the private sector, would it not be intelligent to raise the 40 per cent. limit so that the Housing Corporation could make a proportionately bigger contribution to social housing? Would that not be a good recommendation for the Treasury's pre-Budget statement?

Mr. Wright: I thank the right hon. Gentleman for his question. He is a former housing Minister, and I know that he is well versed in these arguments. His point is well made, and my response to his question is twofold. First, we are aware of the need for a vibrant construction industry. The £1 billion package that my right hon. Friend the Secretary of State announced in September is part of a package to help the construction industry prepare for the upturn and manage the current difficulties.

The right hon. Gentleman mentioned the grant regime. The Housing Corporation—as of 1 December, the Homes and Communities Agency—is looking at that issue, and Sir Bob Kerslake, the chief executive designate, is keen to have increased flexibility to ensure that delivery can happen on the ground so that we can help the industry to provide more houses, particularly social and affordable housing.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I am sure that my hon. Friend will agree that problems with the housing revenue account, among other difficulties, lead to a great deal of uncertainty about financial wherewithal for organisations such as Sheffield Homes, the ALMO—arm's length management organisation—that runs homes in Sheffield. It also leads to a disconnect between the rents charged and services provided to tenants collectively and individually. Is he committing the Government in principle to a reform of the housing revenue accounts system, and could he give us some idea for his timetable on that?

Mr. Wright: I thank my hon. Friend. He is a former housing portfolio holder in Sheffield, and is well versed in these matters. He is absolutely right: there is a great deal of volatility with regard to planning, particularly in the repair and maintenance of council houses, which we need to address. He is also right that in the current national system, there is a disconnect between rents paid for by tenants and the services provided. I am not in the business of tinkering around the edges of the housing revenue accounts system; it needs wholesale, fundamental change. My hon. Friend asked about the time scale, and the review will report to Ministers in the spring of 2009, with a hope to introduce some sort of legislative vehicle in 2010.

Bob Spink (Castle Point) (UKIP): Can the Minister do more as a matter of urgency to help local authorities and even housing associations to buy up unsaleable flats and other developments for social housing? That would help the economy, the housing market, which needs a lot of help at the moment, and our constituents who need social housing.

Mr. Wright: I absolutely agree with the hon. Gentleman, but that is happening already. Throughout the country, £200 million has been provided to allow it to happen. We have said that more is possible; the Homes and Communities Agency will be actively engaged in the process. I would temper that by saying that the public sector does not want to buy inferior quality. We need high quality, so it is important that the public sector is well provided for with adequate space standards.

Affordable Accommodation (Private Rented Sector)

3. **Andrew Gwynne** (Denton and Reddish) (Lab): What assessment she has made of the future prospects for the private rented sector as a provider of affordable accommodation. [236264]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): Julie Rugg's review of the private rented sector, which the Government commissioned in January, includes an assessment of how well the sector caters for those on low incomes and in housing need. The review reported last month. We are currently considering the report's findings, including its suggestions for delivering new and affordable property supply, improving rental property quality and professionalising rental housing management.

Andrew Gwynne: I thank my hon. Friend for that answer. One of my main concerns about the impact of the credit crunch on the housing market is that it could push even more people into the private rented sector. While there are some good private landlords out there, there are also some rogue ones. The Rugg review suggested an independent procedure for complaints and redress, particularly for long, drawn-out complaints. Can my hon. Friend confirm whether the Government are looking at implementing that suggestion?

Mr. Wright: I pay tribute to my hon. Friend, who has been championing the idea of tackling unprofessional landlords in his own patch. There is a similar problem in my area, particularly with regard to more vulnerable households. We need to do more. The Rugg review provided a range of options on how we can increase the professionalism of landlords. We are considering those options, and hope to respond in the housing reform Green Paper some time in the new year.

Greg Mulholland (Leeds, North-West) (LD): The House was delighted when the Government introduced deposit protection for people renting under assured shorthold tenancy agreements back in April 2007—I believe that the whole House supported that. The threshold for the scheme remains at £25,000, but if it had been index-linked, it would be £52,000. The reality is that many young and vulnerable tenants are simply not covered and need to be, so will the Minister urgently examine the issue?

Mr. Wright: I thank the hon. Gentleman for his comments, and I shall take them away and examine the matter. He will be aware that under the tenant deposit protection scheme about £1 billion of tenant money has been protected. We are anxious to build on that to ensure that further protection is provided for vulnerable tenants.

David Lepper (Brighton, Pavilion) (Lab/Co-op): My hon. Friend will be aware that Brighton and Hove city has one of the highest proportions of private rented housing in England outside London, and that it is also a successful university city. It has two successful universities, whose students not only contribute to the economy and the vitality of the city, but put pressure on the private rented housing sector. When will guidance be issued to councils stemming from the ECOTEC report, which I know his Department recently received?

Mr. Wright: I would like to pay tribute to my hon. Friend, who is a strong Brighton Member of Parliament, but I do not want to do so because Hartlepool United are playing Brighton and Hove Albion in an FA cup replay this evening. He makes an important point; Brighton is a fantastic place, but its large proportion of private rented properties creates an issue. On studentification and its associated problems, he will be aware of a range of possible planning proposals and non-planning proposals. He also mentioned the ECOTEC report, on which I am hoping to consult later this year.

Mr. Gary Streeter (South-West Devon) (Con): Despite the current market correction, the need for affordable housing in south Devon remains as great as ever, yet both the proposed new towns, which were intended to deliver much of that affordable housing, are now unlikely to happen for many years because of the credit crunch. Can the Minister tell us what plan B is?

Mr. Wright: I am not entirely certain what that had to do with the private rented sector, but one of the things that the Julie Rugg review says is that we must grow the business of that sector—we must improve the supply. That is true of not only the private rented sector but social and affordable housing. As I mentioned in an earlier response, the Government are providing about £8.4 billion to help improve the supply of affordable housing. We need to do that, and we need to correct the imbalance between housing demand and supply, which persists in this country. I hope that Conservative Members will support us in that.

Mr. Neil Gerrard (Walthamstow) (Lab): My hon. Friend will be aware that many local authorities in London have to cope with homelessness by leasing properties in the private rented sector and that such properties are anything but affordable. I saw an example this week where someone was living in a poor-quality three-bedroomed flat, yet the rent was £380 a week. The only consequences of this situation are huge housing benefits bills for local authorities, and people not being able to afford those properties and get into work. What steps does he intend to take to tackle it?

Mr. Wright: My hon. Friend makes an extremely important point, which demonstrates how this is not solely a departmental issue; it involves working in partnership with local authorities and other Departments. He may be aware that I published the Government's new rough-sleeping strategy this morning, which pledged that we will end rough sleeping once and for all by 2012. He will also be aware of the housing benefit reform package that the Department for Work and Pensions is taking forward. On his point about unscrupulous landlords taking advantage of the system, I am working closely on that issue, particularly with the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Burnley (Kitty Ussher). I am keen to take a cross-governmental approach, so that we can tackle the problems that he rightly identified.

Gypsy and Traveller Sites

4. **Julie Morgan** (Cardiff, North) (Lab): What progress has been made in increasing site provision for Gypsy and Traveller families. [236265]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): Between 2006 and 2008, the Government have awarded grants to provide more than 400 additional socially rented pitches, and 120 sites have been refurbished. The timetable for allocating suitable land for Gypsy and Traveller sites is set out in local authorities' local development schemes. However, where there is a clear and pressing need, work should begin now on identifying land for sites.

Julie Morgan: I thank my hon. Friend for that reply and congratulate the Government on their initiative in trying to provide an adequate number of Gypsy and Traveller sites. Does he believe that there is a net increase in the number of pitches being provided? In some situations, refurbishment leads to a reduction in the number of pitches because it expands the size of individual pitches. Does he feel that there is an expansion in the number of pitches that are being provided by local authorities at the moment?

Mr. Khan: I congratulate my hon. Friend; as chair of the all-party group on Gypsy and Traveller law reform, she has been the catalyst for much of the progress that has been made. She raises a serious point about whether, in our enthusiasm for investing in refurbishment and providing additional pitches, some may be lost in other parts of the country. The important point for local communities and local authorities to recognise is the benefit that the provision of well-managed, authorised sites can offer. They help to reduce the number of unauthorised sites and mean that there are more levers at the disposal of local authorities when it comes to removing unauthorised sites. We will ensure that we encourage local authorities to continue to provide additional pitches and to refurbish those pitches that are already in existence, as they should do.

Mr. James Paice (South-East Cambridgeshire) (Con): Does the Minister agree that the rules and laws of this country should apply to everybody equally? If so, does he understand how my constituents in the villages of Wilburton and Haddenham feel at the prospect of another 14 Traveller pitches being granted permission? That permission is being granted not because those sites are wanted there and not because the district council wants them, but because the council is being forced to grant permission on land for which it would not otherwise do so, because of pressure from the Government and from the regional planning policy. One of the two sites has already been rejected for use in building conventional housing. The other is a greenfield site. If anybody else applied to carry out normal development, they would not have a prayer.

Mr. Khan: I am grateful to the hon. Gentleman for that demonstration of his prejudice against Gypsy and Traveller sites—*[Interruption.]*

Mr. Speaker: Order. The Minister is in order. How he replies to a question is up to him.

Mr. Khan: Gypsies and Travellers are bound by the same planning laws and human rights legislation as everyone else, which means that they should apply for planning permission before moving on to or developing land that they own. In the same way as everyone else, they are subject to enforcement action if the proper planning processes are not complied with. Local authorities, rather than the Government, should decide what happens in local communities.

Mrs. Ann Cryer (Keighley) (Lab): Traveller provision might not be politically popular, but does my hon. Friend agree that if every local authority made good provision for Traveller families there would be an overall saving, as illegal sites would not be used, saving all the money that dealing with them frequently costs—not to mention the rental income that would come from official sites?

Mr. Khan: I thank my hon. Friend for that sensible question. The independent taskforce on site provision and enforcement concluded that the Government's policy framework was sound, but her point is very important. The provision of additional well-managed and authorised sites will help to reduce the number of unauthorised sites. Authorised sites also enable rent and council tax to be created and utility bills to be paid. I hope that we would all welcome that.

Mrs. Eleanor Laing (Epping Forest) (Con): The Minister must recognise that no one on the Opposition side of the House objects to reasonable rights being given to Gypsies and Travellers. However, he and his Government are taking away the rights of other people in my constituency. Decent, normal, law-abiding, hard-working, tax-paying people are under threat of having the little pieces of land right next to their houses taken away by his Government, by compulsory purchase, to provide sites for Gypsies. What about the rights of the decent, hard-working taxpayers in my constituency?

Mr. Khan: Let me deal with the hon. Lady's first point. Local authorities spend £18 million a year on enforcement action on unauthorised sites. If we can reduce the number of unauthorised sites by encouraging local authorities to provide authorised sites, that will reduce that bill. Secondly, I know from a letter that I have been passed by the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), that the hon. Lady has been involved in a campaign that some would characterise as scaremongering about compulsory purchase orders in her community. There is no truth in the headlines. There is no requirement for local authorities to compulsorily purchase land for Gypsy or Traveller sites. I would ask, caution and counsel hon. Members to use their words carefully and to temper them when it comes to spreading stories that are factually incorrect and misleading.

David Taylor (North-West Leicestershire) (Lab/Co-op): Leicestershire lies at the heart of England and is very well served by the motorway network, including the M6, M1 and M42, but the county has much more than its fair share of unauthorised Traveller encampments on both private and public land. Would my hon. Friend like authorities to share best practice in respect of how rapidly they deal with such concerns? Northamptonshire, for instance, has a far better record than Leicestershire in that regard. Does he plan to give authorities greater powers in legislation to move Travellers on rather more quickly than they can at the moment?

Mr. Khan: I congratulate my hon. Friend on the work that he is doing with his local community. I should be more than happy to visit examples of good practice, and MPs who articulate it. He is of course aware that the police have greater powers to move Gypsies and Travellers from unauthorised encampments if there are suitable pitches available for them to move to. I hope that the examples of good practice in his community will be adopted elsewhere in the country.

Mrs. Jacqui Lait (Beckenham) (Con): The Minister will be aware of how controversial this issue is. He said that the point about compulsory purchase made by my hon. Friend the Member for Epping Forest (Mrs. Laing) was unreliable, but will he confirm that in 2006 the Office of the Deputy Prime Minister issued guidance instructing councils to meet their regional targets for Traveller camps by using compulsory purchase powers? Does he appreciate the ill-feeling that that advice and guidance has aroused, and the harm that such heavy-handed, top-down state interference has caused to community relations?

Mr. Khan: Frankly, the hon. Lady should know better. Compulsory purchase orders are entirely a matter for the local authority. If a local authority wished to compulsorily purchase any land, it would have to demonstrate that there was a compelling case in the public interest before confirming a compulsory purchase order. Such an order should be a last resort that is used only when efforts to purchase land by agreement have failed. However, it is a basic courtesy—*[Interruption.]*

Mr. Speaker: Order. The Minister has been asked a question, and hon. Members should let him reply. *[Interruption.]* I do not see what is difficult about it: people should just keep quiet while the Minister replies.

Mr. Khan: Thank you, Mr. Speaker. I was going to end by saying simply that it is a basic courtesy to listen to the answer when a question is asked.

Council Tenants (Fixed-term Contracts)

5. **Mr. Chris Mullin** (Sunderland, South) (Lab): What plans she has to introduce fixed-term contracts for council tenants; and if she will make a statement. [236266]

The Minister for Housing (Margaret Beckett): The Government have announced plans to publish a housing reform Green Paper to create a fairer and more effective system for those living in rented housing. I am currently considering all the evidence and arguments in favour of reform.

The speculation in *The Times* on 10 November described proposals published by the Chartered Institute of Housing. They are not, as was said, Government policy.

Mr. Mullin: I am grateful to my right hon. Friend. My purpose in tabling that question was to enable her to knock very firmly on the head the report in *The Times* on 10 November. For the avoidance of doubt, will she confirm that, whatever else it contains, the Green Paper will not contain proposals for issuing fixed-term tenancies to council tenants?

Margaret Beckett: As I said to my hon. Friend a moment ago, I have made no decisions about what will be in the Green Paper, but I can certainly tell him that I am not at all sympathetic to the notion that council housing residents should somehow lose their security of tenure. Indeed, I cannot think of a worse time to make such proposals. However, I fear that my hon. Friend—who I know is himself a distinguished journalist—may be mistaken in thinking that it would be easy to knock this notion on the head, since I have observed that, once something gets into the press cuttings, it is liable to be repeated, whether it is accurate or not.

Simon Hughes (North Southwark and Bermondsey) (LD): The Minister's words will be heard with support and encouragement by thousands of constituents who are council tenants in boroughs such as mine, Southwark. May I therefore ask her to be explicit about what I understand to be her view? Is she saying that no council tenant in England will have their status changed and their security of tenure removed, and that the Government will not force those who wish to remain council tenants into a different relationship—one that they do not support—with the council, for example through the involvement of an arm's length management organisation?

Margaret Beckett: I am tempted to make a joke about "Focus leaflets," but I will refrain from doing so as the hon. Gentleman is in agreement with me. I can certainly say that we have not the smallest intention of removing security of tenure from existing tenants. I understand entirely his point about those who wish, for a variety of reasons, to remain council tenants, and to retain the mobility that comes with that. One thing is slightly worrying, and makes it important for us to look into and pursue these issues: it is counter-productive to say, on the one hand, that if people are beginning to earn a little more, perhaps they should think about moving out of council housing, whether they wish to or not, and to say on the other hand that we need mixed communities. I understand that right across the House there is acceptance that mixed communities are highly desirable. Let us see how we can maintain them.

Mr. Dennis Skinner (Bolsover) (Lab): I think all Labour Members thank my right hon. Friend for that good answer. As I think she knows, there are other council tenants, including those who live in pre-fabricated accommodation built after the second world war, when materials were scarce. There is a problem with some of that accommodation, including the Tarran bungalows in Bolsover. Will she meet relevant representatives to discuss the problem? It will need a bit of money, and will mean borrowing. We on the Labour Benches are in favour of that, and we can then solve the problem, and those council tenants can remain where they are.

Margaret Beckett: I understand my hon. Friend's description of the value and benefit of that accommodation. I think that Members across the House are aware that although pre-fabs were intended to last only a short time, they have been extremely popular, and I can completely understand the point of view of those who wish to see whether there is a way of extending the life of that accommodation. Of course I will meet his constituents. As to whether we would be able to find funds, and in what circumstances, that is not something that I dare guarantee from this Dispatch Box, but I certainly heed his remarks.

Mr. Graham Stuart (Beverley and Holderness) (Con): As year follows year under Labour, the number of people despairing and desperate in their pursuit of an affordable home grows and grows. There were 1 million people on the social housing waiting list in 1997, and there are 1.7 million people on that list today. Fewer than a fifth of the number of council houses built in 1997 are being built today. Given the Government's inexcusable failure to provide affordable homes when times were good, how can they possibly hope to meet their targets when the Brown boom has turned to bust?

Margaret Beckett: May I point out to the hon. Gentleman that, despite his remarks, 1 million more people are in home ownership than when this Government came to power? He talks about "inexcusable failure", but it seems an utterly inexcusable failure that when this Government came to power, we found a backlog of £19 billion of needed repairs and maintenance, particularly in the social housing sector. Investment was made in putting roofs on while the sun was shining—they were left off by the Conservative party—and that has perhaps meant that fewer resources went into new build than might otherwise have done. That was a scandalous failure of the previous Government, but one that our party has rectified.

Small Business Rate Relief

6. **Mr. David Kidney** (Stafford) (Lab): What change there has been in the level of uptake of small business rate relief since the start of the current economic downturn. [236268]

The Secretary of State for Communities and Local Government (Hazel Blears): The Government do not keep an ongoing account of the take-up rate of small business rate relief, but the latest reliable figures show that on 31 December 2006, some 392,000 businesses in England were claiming small business rate relief. The next figures will be available at the end of December this year.

Mr. Kidney: I am grateful to my right hon. Friend for that answer. So many small businesses are suffering from cash-flow problems, but is the benefit not a source of help that is available now, waiting to be asked for? Does she agree that the Department could carry out a campaign to promote take-up of that relief, that there are good examples of local authorities already doing so, and that all of them should do so? Would she encourage all hon. Members to join in promoting take-up of that relief—even those who voted against setting it up in the first place?

Hazel Blears: My hon. Friend is absolutely right. There is a relief that helps more than 400,000 businesses, and in the current economic circumstances the smallest businesses are feeling the greatest strain. I wrote to all local authorities on 17 September, encouraging and urging them to start a take-up campaign for small businesses, and Members from all parts of the House will be delighted to join us in that. As my hon. Friend says, we introduced the measure in 2003, but at that time, I am afraid, the Opposition voted against it. In fact, the Leader of the Opposition voted against it on two separate occasions, but now, apparently, they are campaigning for it. They say one thing; they vote for another.

Mr. Roger Gale (North Thanet) (Con): If the Secretary of State really wants to help small businesses, will she explain what possible logic there is in charging 100 per cent. business rates on empty commercial and retail properties at a time when those properties cannot be sold and cannot be let?

Hazel Blears: The hon. Gentleman raises a serious issue, and I am very aware of the impact on commercial and industrial properties. However, he has never mentioned the context of those empty property rates. There is a three-month full exemption for non-industrial premises, and a six-month full exemption for industrial premises. When we brought in the measure, we reduced the rates for charities and sports clubs to zero, and we have a done great deal to help on empty property rates. If the hon. Gentleman wants further rate reductions, the money will have to be found from somewhere. Obviously, we are aware of the pressures, we are keeping the issue under review and we are engaged with the property sector, but it is right that we establish the context of those empty property rates.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my right hon. Friend says and I warmly congratulate her. Will she talk to her colleagues in the Department for Business, Enterprise and Regulatory Reform about how post offices are now able to take up the small business rate relief, because now that we have recognised the value of sub-post offices, is it not right that we give all of them the opportunity to stay in business by ensuring that communities invest in them? That idea is one way they can do so.

Hazel Blears: That is an excellent idea from my hon. Friend, and, again, I am sure that Members, particularly on the Government Benches, will have welcomed the announcement about post offices which my right hon. Friend the Secretary of State for Work and Pensions made last week. I also think that local authorities can do much more to ensure that services are provided through the post office network, and we are already engaged with a number of local authorities that are seeking to maintain as a key anchor in their communities post offices that have played a very important role.

Mr. Eric Pickles (Brentwood and Ongar) (Con): The right hon. Lady was very quick to dismiss the question from my hon. Friend the Member for North Thanet (Mr. Gale). Does she dismiss the concerns of the Government's own Chief Whip, the Parliamentary Secretary to the Treasury, the right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), who labelled the charges on empty properties "destructive"? Indeed, 60 colleagues have called for them to be scrapped. That £1 billion tax increase on empty buildings at the beginning of a recession will cost jobs now and seriously hamper the recovery. Will the right hon. Lady next week advise the Prime Minister to undo the damage that he inflicted as Chancellor of the Exchequer?

Hazel Blears: The hon. Gentleman raises the issue of empty property rates, but he will know, as I do, that if we get rid of empty property rates, we will have to look for funding elsewhere. Very interestingly, we have seen a very dramatic development this morning: we have seen from the Leader of the Opposition—

Mr. Speaker: Order. It is best not to share that information with me.

Mr. Pickles: The right hon. Lady should just stop digging. Her right hon. Friend the Chief Whip may have a different view. The Government's policy on retrospective taxation states that backdating should take place only when it is fair, proportionate, necessary to protect revenue and in the public interest. In what way do the Government's backdated business rates on ports meet those criteria? How can it be proportionate that the rates bill for one port operator alone has gone up from £50,000 to £1.25 million? How can it be fair that that backdated tax will cost 100,000 jobs throughout the United Kingdom? And how can it be in the public interest for such companies to be transferred to Rotterdam and Zeebrugge?

Hazel Blears: The hon. Gentleman will know that in the past 11 years the Government have done more to regenerate communities, support businesses and create jobs in this country than his Government ever did. He will also know that when empty property rates were brought in, a whole range of companies were deliberately leaving properties empty in order to find homes, sometimes for offshore funds; it was absolutely right to encourage those empty properties to be let.

The hon. Gentleman will also know that there is an issue about valuation in relation to ports and that we are seeking to take whatever steps we can to ensure that the impact on the port sector is measured and moderated. However, for the Conservative party to talk about building—

Mr. Speaker: Order.

Repossessions

7. **Andrew Miller** (Ellesmere Port and Neston) (Lab): What steps she is taking to minimise the number of repossessions of homes. [236269]

The Minister for Housing (Margaret Beckett): We are working with a range of stakeholders, including mortgage lenders, local authorities, the courts and third sector advice agencies, to ensure that appropriate support is available for all households in financial difficulty. On 2 September, we announced plans for a mortgage rescue scheme targeted at the most vulnerable households facing repossession.

Andrew Miller: My right hon. Friend has made an extremely important statement. It is vital that we get the message out through local authorities, building societies, mortgage lenders and in particular the courts. What can she do to work with other Departments to make sure that the message gets through loud and clear and that there are no further unnecessary repossessions?

Margaret Beckett: My hon. Friend is entirely right: is important that we convey the message of where people can seek help—and that they should seek help, rather than waiting until the last minute. Some 340 local authorities, as well as lenders, money advice agencies and officials from the Housing Corporation, have attended briefings, at a regional level and in other ways, to try to get information across. As my hon. Friend will be aware, we are working particularly with the Ministry of Justice to improve provision of advice at the courts.

I hope that hon. Members across the House will take on board the fact that it is very important that people in difficulties contact their lenders as early as possible; it will often be possible to make arrangements with which those people can live and which they can readily meet. However, for those who go as far as the door of the court before seeking advice, we, with the Ministry of Justice, have funded court desks in about 90 per cent. of courts across the country, including in my hon. Friend's constituency. They have had an average success rate of 85 per cent. in averting repossessions, even at that late stage.

Julia Goldsworthy (Falmouth and Camborne) (LD): The pre-action protocol is intended to encourage communication between borrowers and lenders, but will the Minister concede that it does not require lenders to do anything at all and that it offers the courts no sanction for non-compliance? Does the guidance not need to be accompanied by changes in legislation, and will the Government finally agree to support amendments to that effect in the Banking Bill next week? That would give courts the power that they need to make a real difference on repossessions.

Margaret Beckett: The hon. Lady is right to say that the position does not place a requirement on lenders, but it is a heavy encouragement to lenders to know that what they are doing will be scrutinised. I hope she is aware that, quite apart from the encouragement given by the Government and the justice system through the protocol, the Council of Mortgage Lenders itself has issued guidance strongly advising people to take the same kinds of steps. The whole thrust of the approach, whether from the council or the courts, is to make sure that repossession is a last, not a first, resort.

Robert Neill (Bromley and Chislehurst) (Con): Does the Minister accept that if the Government are genuinely to take a sensitive approach to the growing problem of debt for families, a further step would be to set the issue in the context of the enforcement of other civil debt? They should cancel their current plans to implement proposals to give bailiffs powers of forced entry into family homes to pursue things such as parking tickets and credit card debt.

Margaret Beckett: The hon. Gentleman is rather taking us away from the issue at hand. I completely understand and sympathise with people who feel distressed when they are approached on such grounds. However, the issue is not of the same order as the threat of losing one's home. The hon. Gentleman should recognise and concede that the Government are doing a great deal to help people in those very worrying circumstances, and they hope to do more.

Topical Questions

T1. [236287] **Mr. David Kidney** (Stafford) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for Communities and Local Government (Hazel Blears): My Department continues to work to build strong, safe communities where people want to live, work and bring up their families. In recent weeks we have been especially focused on the effects of the tough economic times on communities. We are working hard to keep people in their jobs and in their homes, and we are giving them real help in tough times.

Mr. Kidney: I am grateful for that answer. I want to have my say in support of eco-towns, just as others want to speak against them. Will my right hon. Friend confirm that there has been consultation on the general principle of eco-towns? There is currently consultation on the proposed planning policy statement, and there will in future be consultation on each individual site through the planning process.

The Minister for Housing (Margaret Beckett): My hon. Friend is entirely right, and I am grateful to him. We sometimes get the impression in this House that absolutely nobody is in favour of eco-towns. The second round of consultation has now begun, and I hope that people will respond to it as thoroughly and enthusiastically as they did to the first round. He is also right to say that when all the processes are completed and we have the final set of proposals for places that may be suitable for an eco-town, ordinary planning procedures and decisions of local authorities will then come into play.

T2. [236288] **Mr. James Gray** (North Wiltshire) (Con): The Secretary of State recently ruled that the large and entirely illegal Gypsy encampment at Minety in the middle of the countryside in my constituency should remain indefinitely on the grounds that there was insufficient provision elsewhere. In view of that, will she now tell the House, first, how many Gypsy caravans there are in England; secondly, how many pitches there are for them in England; thirdly, how many Gypsy caravans are illegally parked; and fourthly, given that these people are nomadic and coming from as far away as southern Ireland and Romania, how she knows those figures?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The hon. Gentleman has raised with me on several occasions the issue of Gypsy and Traveller encampments in his constituency. I can give him the information, although I think I may already have done so in a written parliamentary answer. Let me reiterate the point made by the Under-Secretary, my hon. Friend the Member for Tooting (Mr. Khan). The provision of authorised sites helps to improve planning, has ensured that we have better social cohesion between the settled community and Gypsy and Traveller communities, and can help to reduce council tax bills. Everybody wins with the provision and assessment of authorised sites, and I hope that the hon. Gentleman would agree with that.

T4. [236290] **Mary Creagh** (Wakefield) (Lab): Last week, I met four firefighters from Wakefield who were concerned about the level and quality of training in the fire service. Will my hon. Friend work to ensure or at least consider the idea of a national training framework for firefighters so that the brave men and women who enter burning buildings to rescue others can take that decision without putting their own lives at risk?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I know that my hon. Friend, like me and my colleagues, takes the issues raised by the recent lobby and report very seriously. I hope that she will be reassured that all firefighters, whether whole-time or retained, are trained to the same standards. Firefighter training is based on national occupational standards, which ensure that a consistent and appropriate level of training is maintained across the country. Those standards also give individual fire rescue services the flexibility to ensure that all their staff are trained for the particular risks that are identified in their local integrated risk management plan.

T3. [236289] **Mr. Laurence Robertson** (Tewkesbury) (Con): Following the end of the consultation on the south-west regional spatial strategy, will the Secretary of State, when she comes to consider her response, take into account the many objections that have been submitted, not only by me but by many other people in Tewkesbury, to the building of houses in flood risk areas? Only last week, when it rained rather heavily on the Monday, we had further flooding on fields and roads, and although no houses flooded on that occasion it would not have taken much more for that to have been the case. Will she bear these objections in mind?

Hazel Blears: The hon. Gentleman has pursued these issues conscientiously on behalf of his constituents on a number of occasions. There have been some 35,000 responses to the south-west strategy. I am in the process of considering them very carefully, and we will respond in due course.

T5. [236291] **Mr. Stephen Hepburn** (Jarrow) (Lab): What curbs does the Minister intend to put on landlords who are abusing the assured tenancy scheme, which means, in the current credit crunch, that companies are going around buying up family properties at vastly reduced prices, with the promise that people can stay there and rent the family home, only to kick them out on to the street six months later?

Margaret Beckett: My hon. Friend raises a serious and alarming issue. I am indeed aware that such scandalous behaviour is occurring. I assure him that we are ascertaining what we can do to discourage it heavily. It is clearly alarming and to the disadvantage not only of the individual families, but of the whole sector in the long term.

T8. [236294] **Ann Winterton** (Congleton) (Con): The shadow Cheshire East council has voted for a mayor rather than a chairman, which its predecessor, Cheshire county council, had. Bearing in mind that there is no historical precedence for it, unlike in Congleton, which received its charter in 1272 and Macclesfield, which received its charter even earlier, in 1261, will the Minister ensure that local people are enabled to express their view of the matter, one way or another, bearing in mind that the proposition is rather pretentious?

The Minister for Local Government (John Healey): I note the hon. Lady's views on the matter. In setting the framework for the new unitary authorities, we are having detailed discussions with them so that they can keep some of their chartered rights and ceremonial positions intact. It is for the respective new unitary authorities to make such decisions. We will work with them to enable them to set up their authorities in the way they choose for their area and their residents.

T6. [236292] **Mr. Lindsay Hoyle** (Chorley) (Lab): Those on the Front Bench know that councils throughout the country have sat on section 106 money that has not been spent. Much of that money has been earmarked for social housing. What can they do to ensure that local authorities such as Chorley, which has sat on millions and does not provide much-needed social housing for families, spend that money? It would give a real injection not only to the housing market but to the construction market.

Margaret Beckett: My hon. Friend asks an interesting question. Like him, I deplore it if his local authority has retained section 106 money, which could be put to good use for the people of his area. I am not entirely sure whether we can do anything to encourage local authorities to use it in that way, but I assure him that, following Question Time, I shall find out.

Sir Nicholas Winterton (Macclesfield) (Con): Will the appropriate Minister give further and sympathetic consideration to the point that my hon. Friend the Member for North Thanet (Mr. Gale) and Opposition Front Benchers made about empty property relief? There is a crisis. Three business men approached me separately at the weekend, requesting that I make representations to the Government for such relief, even if it is reintroduced only for the period of the recession and the financial crisis. The only way they can currently get around the problem is by taking the roof off their property. That cannot be considered value for money. Will the Government reconsider the matter for the period of the recession?

Hazel Blears: In responding to the hon. Member for North Thanet (Mr. Gale), I said that we kept such matters under review. I am aware of the impact, especially in the current economic climate. I wanted to stress the steps that the Government had taken to try to ensure that we provided some relief and support. If the hon. Gentleman was approached by only three members of the commercial property sector last weekend, he was probably lucky. I have been approached by many more members of that sector and I am well aware of the position. Indeed, we are very much engaged with the sector and we are examining the impact of the empty property rates in different places.

T7. [236293] **Alison Seabeck** (Plymouth, Devonport) (Lab): My right hon. Friend may not be aware of the 68 per cent. vote in favour of a stock transfer that was announced in Plymouth today. However, I know that she is aware of the concerns that have percolated through the media this week about security of tenure. Has she had time to consider and revisit the Law Commission report on a single form of tenancy, which has benefits for all tenants, whether council tenants, those opting for stock transfer or private tenants?

Margaret Beckett: I am indeed aware of the Law Commission's report and anticipate hearing something further from it in the near future. I will not disguise from my hon. Friend the fact that, although I respect the work that was done and the careful thought that went into it, I have concerns about some proposals in the report. For example, private rented sector tenants have been mentioned during today's Question Time, and there is concern that some of the proposals might reduce security of tenure for some in that sector. That would worry me. However, I assure my hon. Friend that I will consider the matter with great care.

Anne Main (St. Albans) (Con): I thank the Secretary of State for refusing HelioSlough's proposed 3.5 million sq ft rail freight interchange in my constituency. However, I am extremely disappointed that only five weeks after that refusal, which cost my council and my residents several hundreds of thousands of pounds in defending themselves, HelioSlough has yet again asked to make a planning application. Although I am aware that under the Planning and Compulsory Purchase Act 2004 councils can stop similar applications, HelioSlough was apparently somewhat comforted by the Secretary of State's comment that she might have agreed the proposal if the site specification and assessment work had been done first. The fact that HelioSlough did not do so correctly—

Mr. Speaker: Order. I would have thought that an Adjournment debate was in order for the hon. Lady. The Secretary of State will try to answer.

Hazel Blears: I am pleased that the hon. Lady and her residents were pleased, but clearly we have not managed to please her enough in this instance. If commercial operators want to bring forward applications, it is not within my power to prevent them from doing so. It is a matter for the market to determine whether such applications are made.

Mr. Graham Allen (Nottingham, North) (Lab): May I ask my hon. Friends on the Front Bench, and the Minister for Local Government in particular, about the situation regarding Icelandic banks? I am thinking of those local authorities that looked at the credit ratings and made sensible judgments about investing in those banks. Will my right hon. Friend make a statement to the House about that matter? In particular, will he meet some of the leading councils that suffered because of that advice, not least my city council in Nottingham?

John Healey: Our first priority has been to help those authorities and other depositors in the Icelandic banks to get their money back and to be treated fairly. Led by the Treasury, that has been happening over the past few weeks. Our second priority has been to ensure that we send in financial experts to work with authorities that have deposits in Icelandic banks, so that we could reassure them and residents that there was no short-term threat to services or staff, and we have done that.

Beyond that, there is currently no evidence that the guidance for local authorities on investment that has been in place since 2004 is faulty. Indeed, most authorities have spread their investments, which is one reason why none is experiencing serious short-term difficulties. I will of course meet my hon. Friend—indeed, I believe that I am due to meet him shortly. I look forward to that meeting with him and leading members of Nottingham city council, which was one of the authorities with deposits in a failed Icelandic bank.

Rosie Cooper (West Lancashire) (Lab): Could the Minister offer any additional guidance to councils such as West Lancashire district council to ensure that affordable housing schemes are progressed to positive fruition? Sadly, I have to report a number of incidents, including one in which the housing association, working with the council's housing department, brought forward a scheme costing £800,000, only to find that the planning department preferred it on an adjacent site for which there was no grant. The whole scheme therefore fell apart, with £800,000 or £900,000 lost and no affordable housing built. That is an absolute disgrace. We need some help with things like that.

Margaret Beckett: I completely understand the distress that my hon. Friend expresses and I share her disappointment that, owing to what sounds like a series of unfortunate decisions not being connected, such proposals fell through. I am not sure that guidance from us would help in such circumstances, unless it was "For goodness' sake, show some sense."

Points of Order

3.33 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. I believe you are aware of a letter that I recently received from Westminster city council saying that despite your robust statement on 28 October about the unauthorised and illegal protest noise in Parliament square, there are no plans to prosecute, because, as the council puts it,

> "the Courts would be unlikely to impose a penalty much beyond a nominal fine".

Would you care to inform us whether the Government have responded to your request to be consulted about the matter? If they have not, when they consult you, will you draw to their attention the recent report that Westminster city council has ordered Debenhams to stop playing Christmas carols outside its window display, because, the council says,

> "it will cause noise pollution"?

Mr. John Wilkinson, the council's noise team manager said:

> "We don't think it's fair for hundreds of thousands of daily visitors to be bombarded by loud music in the street as they walk past shops."

Perhaps we should advise Debenhams to intersperse its carols with terms of abuse towards politicians and our armed forces, in order to be allowed to play them.

Mr. Speaker: I am not aware of what restrictions on noise nuisance are being imposed by Westminster city council away from Parliament square. Perhaps Debenhams was putting us all in a Christmas spirit—good luck to it. I am awaiting the response of the council to the deliberations of the Joint Committee about noise affecting the House.

Mrs. Eleanor Laing (Epping Forest) (Con): On a point of order, Mr. Speaker. Earlier this afternoon, the Under-Secretary of State for Communities and Local Government, the hon. Member for Tooting (Mr. Khan), accused me of misleading the House—

Mr. Speaker: Order. I listened carefully to that. The term "misleading", as used by anyone outside the House, is not something that I would draw to the attention of a Minister or any other hon. Member, unless a Minister or an hon. Member says that an hon. Member is misleading the House. The hon. Gentleman did not say that the hon. Lady was misleading the House. Had he done so, I would have brought him to order.

Sir Nicholas Winterton (Macclesfield) (Con): Further to the point of order made by my hon. Friend the Member for New Forest, East (Dr. Lewis), Mr. Speaker. You gave a good answer to my hon. Friend, but may I remind the House, through you, that the Procedure Committee, which I chaired some years ago, produced a report into the noise and other antisocial activity in Parliament square? It appears that the advice of the Committee, which was accepted by the House, has not been followed through properly by the Government and Westminster city council.

Mr. Speaker: I thank the hon. Gentleman for bringing that matter to my attention.

Bob Spink (Castle Point) (UKIP): On a quite different point of order, Mr. Speaker. Is it not ironic that today's motion 9, entitled "Debate Europe", which promotes yet more propaganda from the European Union on how good it is for this country, cannot be debated in the House tonight under Standing Orders? Can you please do something, Mr. Speaker, to enable us to debate the motion?

Mr. Speaker: That is not a matter for me; it is a matter for the usual channels.

Energy Bill [Ways and Means] (No. 2)

Motion made, and Question proposed,

That, for the purposes of any Act resulting from the Energy Bill, it is expedient to authorise the levying of charges by virtue of the Act by the Gas and Electricity Markets Authority in connection with payments relating to the renewable generation of heat.—*[Mr. Mike O'Brien.]*

3.37 pm

Steve Webb (Northavon) (LD): We are being asked to vote on the Ways and Means resolution on the Energy Bill that provides power for Ofgem to levy charges in connection with the renewable heat obligation. The Minister will know that the renewable heat obligation is vague. It came in only at the last minute of their lordships' consideration of the Bill, and even the Government will accept that we do not really know what it is, what form it will take, or when it will come in. However, we are being asked to nod through a motion that gives powers to Ofgem to levy charges in connection with the obligation.

My understanding is that this problem would not arise if were we talking about feed-in tariffs, because the feed-in tariff from which a person benefits is generally taken through higher charges on other consumers of electricity. However, when it comes to renewable heat, I am not clear what we are giving a blank cheque to Ofgem to do. Will the Minister, when he responds to this short debate, tell the House what powers we are giving to Ofgem, in what circumstances it would levy charges, on what sorts of people, for what purposes, on what scale, and when? It is not without reason that we have been given 45 minutes to explore and probe the provision, and I hope that the Minister tells us what Ofgem would use the power for.

One can see the flip side of the measure, and that a renewable heat incentive would be beneficial to one set of people, but it is not clear who would have to pay Ofgem under the motion. Will the Minister clarify what powers he is asking us to give to Ofgem, in what circumstances, and why?

3.39 pm

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): This is not a blank cheque. The Government have taken the view that the renewable heat incentive amendments that we will debate shortly should be subject to substantive discussion and consultation, and to a further order in the House in due course. All the amendments to be debated later will do is give us the power, if necessary, to enable Ofgem to levy some charges or make some payments to put the renewable heat incentive in place. In a sense, we are creating a power or an ability to do something, on which we will subsequently consult. If we are to introduce the renewable heat incentive—I think that the hon. Gentleman is in favour of it—the mechanisms must be in place to deliver it. In the debate that follows this one, we can look at what is going to be done in broad terms, knowing that we are essentially creating powers that will at a later stage be the subject of substantive discussion. In due course, further orders will be put through the House. *[Interruption.]* The hon. Gentleman asks me exactly what levy charges will be made. That is exactly what we will discuss in the subsequent debate on the powers in the Bill.

Steve Webb: Will the Minister tell me—I may be the only one who does not understand what he is proposing—what sort of organisations Ofgem would be able to take money from? What sort of organisations would pay such charges?

Mr. O'Brien: Essentially, we would need to look at the payments from some of the fossil fuel generators. They would probably—this will be the subject of discussion later—make payments that could then be used to ensure that the renewable heat incentive was substantive or to make compensation payments to those involved in generating that renewable heat. We thus need to create the power to enable that sort of levy to be imposed. As I have said, much of this will be the subject of consultation.

The hon. Gentleman will be aware that some of the amendments resulted from discussions during the Bill's passage both here and in the other place. The Government have been persuaded by some of the arguments, not least from Liberal Democrat and Conservative Members as well as Government Members, so we want to create a series of powers to deal in a detailed way with what needs to be done. We have the broad outline of policy—I think that we all agree with that—but we need to make provision for precise details on the issues raised by the hon. Gentleman about what sort of levy will be imposed and on whom. I have explained who is likely to be affected and how it will be done.

Question put and agreed to.

ENERGY BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme Motions),

That the following provisions shall apply to the Energy Bill for the purpose of supplementing the Order of 22nd January 2008 (Energy Bill (Programme))—

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion four hours after the commencement of proceedings on the Motion relating to Energy Bill [Ways and Means] (No. 2).

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any further question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Watts.]*

Question agreed to.

Orders of the Day

Energy Bill

Lords amendments considered.

Mr. Speaker: I must draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 42 to 44, 55 to 57, 63, 65 and 86. If the House agrees to those amendments, I shall ensure that the appropriate entry is made in the Journal.

Clause 20

TERMS AND CONDITIONS

Lords amendment: No. 1.

3.43 pm

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Speaker: With this, it will be convenient to discuss Lords amendments Nos. 2 to 41, 45, 68, 73, 74, 79 to 85, 89 and 99.

Mr. O'Brien: This group of amendments deals with a number of issues, including carbon capture and storage, the renewables obligation and offshore electricity transmission. Let me deal with the amendments in turn; I suspect that they will not prove controversial, but it is right to outline their main provisions.

Amendment No. 1 refers to the carbon dioxide storage provisions and relates to clause 20, which deals with the terms and conditions of carbon dioxide storage licences. In Committee, the other place agreed an amendment to require the licensing authority to consult the licence holder before making modifications to an existing licence. Even though this would be standard practice, an express duty would provide greater certainty to commercial operators. We agreed with the arguments presented and I am therefore bringing forward the amendment from the other place.

Amendments Nos. 2 to 11 are proposed to the carbon dioxide storage provisions in the Bill, specifically clause 34. The clause enables the functions of the Secretary of State and the Scottish Ministers to be transferred, by order, to another authority, or more than one authority, that is best placed to exercise such functions. It will be possible to use the power to transfer functions to the most appropriate and best equipped authority to regulate carbon dioxide storage in due course. For example, if a marine management organisation is established, it might prove an appropriate authority for regulating carbon dioxide storage. The provision will give the House an opportunity to decide later if that is the way in which it wishes to deal with the matter.

3.45 pm

The Delegated Powers and Regulatory Reform Committee has recommended that only public rather than private bodies should be tasked with carrying out the functions on behalf of the Secretary of State or Scottish Ministers. That recommendation is consistent with our intentions in the clause. Any potential transfer was always intended to be in connection with public bodies and we therefore brought forward these amendments in the other place.

Amendments Nos. 12, 13 and 79 to 83 are minor drafting amendments aimed at clarifying the definitions of Scottish and Welsh waters that are currently contained in one chapter of this Bill and which have been inserted in legislation that this Bill amends.

Amendment No. 68 relates to importation and storage of gas and carbon dioxide storage. The Delegated Powers and Regulatory Reform Committee recommended that regulations made under clauses 13 and 27 be subject to an affirmative procedure. Such regulations would specify the powers and duties of inspectors of offshore gas storage and unloading and carbon dioxide storage facilities, respectively. Amendment No. 68 was tabled in the other place to meet those recommendations. We accept the Committee's recommendation to subject the making of the regulations to an affirmative resolution procedure.

The second set of amendments in the group relates to the renewables obligation under clause 37. It is our intention, supported by the renewables industry, to introduce a reformed renewables obligation as soon as possible after receiving Royal Assent for the Bill. In practice, that will mean from 1 April 2009, as the obligation runs out at the end of a financial year. However, the timetable for achieving that is very tight. The difficulty is that the operation of the renewables obligation in Scotland is already devolved. The amendment puts the transfer of the reformed functions to Scottish Ministers in the Bill rather than using the longer process of an order under section 63 of the Scotland Act 1998 once Royal Assent has been received.

Mr. John Gummer (Suffolk, Coastal) (Con): Will the Minister give way?

Mr. O'Brien: In just a moment.

Transferring functions in such a way is fully in line with the devolution settlement but ensures that we are on track to deliver on our zero band by April 2009. May I assure you, Mr. Speaker, that the issue has been debated and approved in Holyrood by means of a legislative consent motion?

Mr. Gummer: Why did the Minister not take the opportunity to correct the mistake relating to the renewables obligation as far as biofuels were concerned, which was later found in the Bill by Department for Transport lawyers and will mean that there will be considerable disorientation this year on the biofuels requirement?

Mr. O'Brien: We took the view that the issue of biofuels was not appropriate for the Bill. The amendments do not deal with that; they deal with a separate issue of how the renewables obligation will be dealt with and the way in which clause 37 will operate. As I have already indicated, with these Lords amendments we are ensuring that the role of Scottish Ministers is dealt with, rather than trying to deal with a particular issue, such as biofuels. I accept that the right hon. Gentleman has a view on biofuels—we certainly accept that many other people have—but this is not the appropriate place to deal with it.

Mr. Gummer: I think that the Minister has mistaken me; I am asking not about biofuels, but about the powers under the legislation that could have been altered at this point. It is not a question of argument between us that a mistake was made in the legislation—that has been admitted—and we need to put it right. This is the only opportunity to do so, and I wonder why he decided not to take it.

Mr. O'Brien: I will look again at what the right hon. Gentleman is saying to see what has happened, but I am not aware that any legal point needs to be amended. If he is suggesting that there is such a point, perhaps it would have been appropriate to ensure that it was brought to my attention earlier, rather than on the Floor of the House in that way. He smiles knowingly. If he wants to make a point, I will happily consider it later in our proceedings. He will be aware that I have just been handed a note from officials, and I am told that the issue that he raises will be dealt with in secondary legislation. Perhaps that satisfies him. It has brought a smile to his face, and I am pleased to have done that. However, I have not been aware of any legal point such as he described, so I am pleased that officials have now reassured me that it can be dealt with in secondary legislation.

Lords amendments Nos. 30, 31 and 33 will make a small drafting change in relation to the renewables obligation. During a debate in the other place, we identified that, as drafted, the provisions in proposed new section 32E of the Electricity Act 1989 that cover the transitional arrangements for existing projects would have inadvertently prevented future research projects from benefiting from our reforms to the renewables obligation and receiving grant support if appropriate. That was not our intention, and these technical amendments seek to address the issue.

The final set of amendments in this group relates to the provision for offshore electricity transmission. Lords Amendments Nos. 45 and 99 will amend the definition of the term "relevant offshore line" in section 64(1A) of the Electricity Act 1989 for the purpose of defining the term "high voltage line". The amendments will ensure that the new offshore electricity transmission regulatory regime will apply to the right electric lines—those of more than 132 kV or those built to transmit electricity from an offshore generating station to the onshore grid, even if only a small proportion of the relevant line is situated offshore. The amendments will also clarify the status of electric lines if they convey electricity to a place in Scotland and are wholly or partly in offshore waters—thus ensuring, for example, that a line connecting the Shetland islands to mainland Scotland comes within the scope of the regime even if some of it is on the land.

Lords amendments Nos. 84 and 85 are minor drafting changes to clarify that the references in paragraph 26(2)(b) and (c) of schedule 2 are to the person who owns the asset prior to the transfer scheme taking place. These technical amendments will ensure that the references correctly capture the generator developers who will transfer property, rights and liabilities to the holders of an offshore transmission licence under any property transfer scheme made by Ofgem under schedule 2.

I hope that the House will agree to this group of Lords amendments.

Charles Hendry (Wealden) (Con): I broadly welcome the amendments. We consider that the Bill has improved greatly since it left the House of Commons a while ago. There are aspects that we should have liked to be included which are still not included, but we are glad to note the concessions that the Government have been willing to offer in the other place in response to significant cross-party agreement on the need for changes in relation to, for instance, smart meters, the role of Ofgem, feed-in tariffs and reporting issues.

I feel an element of frustration about the fact that not one comma of the Bill was changed as a result of our deliberations in Committee, but perhaps the persuasiveness of our arguments at that time caused Ministers to think again about some of the details, although it may have been simply the electoral arithmetic in the other place. I congratulate their lordships on the changes that they have made, but I also thank the Minister, his colleagues and his officials for their willingness to listen to the arguments.

I consider the amendments straightforward and sensible, particularly those relating to the carbon capture and storage regime, although we still feel that the Government's approach to that issue is very unambitious and that we are proceeding very slowly. While we are still talking about it in this country, China, the Canadian province of Alberta and Abu Dhabi have moved ahead of us. We are slipping down the league table in carbon capture and storage. We are also disappointed, to say the least, by the structure of the Government's pilot scheme, which rules out various technologies. That, however, is a debate for another day, and I am sure that the Minister and I will discuss it further in due course.

As for the changes in the renewables obligation, we support the move towards banded renewables obligation certificates, and we are pleased that those changes can be applied to Scotland. It is important for such arrangements to apply to all parts of the United Kingdom in the same way. The application of common standards regardless of where the scheme operates in the UK will clearly benefit investors. The clarification of grandfathering rights is also important. It is also sensible to clarify the fact that the rules on offshore transmission will apply even if most of the grid connection cables are onshore rather than offshore. The two should obviously be treated as a single entity. I realise that that will apply in only a minority of cases, but we support the Government's efforts to secure a cohesive package.

As I have said, these are straightforward and sensible changes which we are broadly happy to support.

Mr. Gummer: I declare an interest, in that I chair a company that advises firms on the provision of renewables and sensibly managed, environmentally friendly products. That gives me the advantage of knowing a little about the issues.

I thank the Minister for this group of amendments, and also for other developments that have occurred during the Bill's passage. I hope that the House recognises just how complex the issues will be, and how easy it is to distort the future simply by getting the legislative parameters very slightly wrong. The Minister has been extremely helpful, as was his predecessor, in ensuring that we have a fit-for-purpose Bill to deal with what are sometimes considered boring details. I thank the Minister particularly for the measures relating to offshore electricity. The issues that arose in my constituency, where one of the largest offshore wind farms in Britain happens to connect with the grid within a nuclear power station complex, showed me just how complicated such matters can be.

I hope the Minister accepts that we shall probably have to return to these issues much sooner than we would normally wish to do, simply because the technology and the circumstances are moving so fast. It is because he has been willing to change right up to the last minute that I permitted myself my intervention on his speech. It is a case of keeping up with rapid change at a time when, as was pointed out by my hon. Friend the Member for Wealden (Charles Hendry), other countries too are moving very fast. We need to be fully competitive.

I now find myself in the unusual position of being able to say thank you for a Bill that I think has been greatly improved by the amendments.

Mr. Mike O'Brien: May I briefly thank the hon. Member for Wealden (Charles Hendry) and the right hon. Member for Suffolk, Coastal (Mr. Gummer) for their support on these measures, and join the hon. Gentleman in thanking the officials for the way in which they have dealt with matters? I know that my predecessor agrees with me in regarding the officials as exceptional in being able to grasp a very complex policy area and address it with skill and dedication, and in their devotion of so much time and effort. We greatly value that.

4 pm

The right hon. Gentleman is right that transmission access will be a major issue in the decades to come—and much sooner, probably. We will have repeatedly to return to this, because many in the industry are concerned about it. He is right that there is not an easy answer, but we need to ensure that we get it right, because others are competing with us and we must get the best possible access to transmission to the grid that we reasonably can.

Let me say once more that I am grateful for the support on these amendments.

Lords amendment agreed to.

Lords amendments Nos. 2 to 41 agreed to.

After Clause 40

Lords amendment: No. 42, to insert the following new clause—*Feed-in tariffs: electricity.*

Alan Simpson (Nottingham, South) (Lab): I beg to move amendment (a) to the Lords amendment.

Mr. Speaker: With this we shall consider amendments (b) to (d) and Government amendments (g) and (f) to the Lords amendment, and Lords amendments Nos. 43, 44, 69, 71, 75, 88, 91, 94 and 103.

Alan Simpson: I shall also speak to amendments (b) to (d) and Government amendment (g).

Let me begin by taking this opportunity to pay tribute to those involved in bringing us to this point. As in all our debates on feed-in tariffs under this Bill, the amendments are cross-party. I also pay tribute to the coalition of organisations that are the drivers of the renewable energy agenda outside the House for the help they have given us in bringing the key arguments into the Chamber. Without diminishing the role of any of the other organisations, it is important to recognise the role played by Friends of the Earth, and in particular Dave Timms and Ed Matthew, who have almost unendingly pursued our understanding of the arguments, and we are truly grateful for that.

Bob Spink (Castle Point) (UKIP): May I join in the tributes the hon. Gentleman is paying to the various bodies and the cross-party support? Will he extend that to the Government and congratulate them on including these amendments, which improve the Bill? Does he agree that we should have a proper timetable for the introduction of the feed-in tariffs for renewables, and that 2010 would be a good time? I wonder whether the Minister and the three wise men would agree with that, too.

Alan Simpson: The hon. Gentleman is right, and his comments allow me to come to the final part of my tributes to those who have brought us to our current position, by paying tribute to the new Secretary of State, because it is fair to say that the lead he has given is what has transformed the agenda. We are right to have tabled today's amendments, which require any feed-in tariff scheme to include a precise timetable for its introduction and to be precise about the technologies that will be incorporated and the different tariffs that will apply both to the technologies and the scale of the technologies.

On a personal level, every time I had to bang on the Secretary of State's door about getting things right, I did not find the difficulties or hostility that we faced little more than a year ago. It is important that the House recognises the way in which the goalposts have shifted in the debate. It was not too long ago that the Department for Business, Enterprise and Regulatory Reform issued an internal briefing paper whose whole approach was hostile to feed-in tariffs, dogmatically repeating a mantra that the renewables obligation delivered all the answers and that feed-in tariffs would be a distraction. The Secretary of State grabbed the process by the scruff of the neck and gave it a shake. He saw that there was nothing in that argument, and he came to the House to make a commitment to introduce a feed-in tariff regime in the UK; his role in that should be recognised.

I am sure that the Secretary of State will not parade any of the bruises or scars that he has acquired in introducing his proposals on the threshold for feed-in tariffs. It is fair to say that behind the scenes there was enormously hostile opposition to the shift from the previous position to where the Secretary of State—and, I hope, the whole House—intends to take us.

Martin Horwood (Cheltenham) (LD): The hon. Gentleman is perhaps being too modest in underestimating his role in shifting the balance of opinion. He has gone from a time when the Liberal Democrats were his only allies in this place to the exercising of such influence on his own Benches that the Secretary of State has followed his lead.

Alan Simpson: I always thought that we could get majority support, and it is great that we are moving collectively towards that position.

[Alan Simpson]

I want to say more about the shift that has taken place. On the record, many of the big energy suppliers have been fighting tooth and claw to prevent us from doing anything as bold and imaginative as we are doing. The Association of Electricity Producers had lobbied for a threshold of 50 kW. The British Wind Energy Association lobbied, until the last moment, for a threshold of 500 kW. Such demands would preclude the opportunity to develop genuine, transformational renewable energy systems on a community, town or city scale. The Secretary of State should be praised for his determination and willingness to push the boat out much further than many of those vested interests would have felt comfortable with.

It is worth noting that the arguments used by energy companies, and their representatives in another place, suggested that if we were willing to be bold by setting a threshold of 3 MW or 5 MW, it could be disastrous. In the other place, Lord Jenkin of Roding cautioned the Lords:

> "One has to remember that for many of the firms that are investing in large wind farms both onshore and offshore, the world is their oyster. They can do this elsewhere, and if they find that their arrangements are threatened as a result of the integrity of the ROC system being undermined, they will push off."—[*Official Report, House of Lords*, 5 November 2008; Vol. 705, c. 241.]

I am glad that the Secretary of State ignored or resisted that argument, because the truth is that they will not push off anywhere. Far be it for me to suggest that the energy companies that have been hiking up household energy charges in Britain are crooks in this sense; let us merely say that energy companies recognise a gravy train when they see one, and they are fond of gravy. Under the renewables obligation, they have been able to make returns on capital of roughly 40 per cent., so it is little wonder that they want to preserve this precious domain of substantial rewards that go only to our large energy companies.

Mr. Graham Stuart (Beverley and Holderness) (Con): We are a nation of inventors, and I wonder whether, like me, the hon. Gentleman is excited at the prospect of inventors across this country being able to develop ways of providing energy and feed-in tariffs providing the means by which to make their inventions economic? This could be an exciting future, and new technologies could develop in this country as a result of these changes.

Alan Simpson: I share that excitement, but I want to repatriate some of our inventiveness. This country has some of the leading solar photovoltaic suppliers in Europe, but their leading role is primarily based on supplying others, rather than us. A recent high-profile article in *The Guardian* featured a Scottish company, Pelamis Wave Power Ltd, which has constructed the "serpent", a wave-generating machine, off the coast of Portugal. It will be part of a sequence that will deliver 21 MW of energy under Portugal's feed-in tariff regime. That is precisely the inventiveness that we must seek to bring back into our domestic energy agenda. The one thing that we must be able to say is that we have access to wave power that many of our European partners would envy. We must harness that inventiveness on the basis of the security and clarity that a feed-in tariff regime has to offer.

I make that point only as a way of reinforcing many that have been made to successive Departments by Government-commissioned studies into the way forward on renewables. Many of the reports have stated specifically that the renewables obligation is an obstacle to the dynamic extension of renewable energy generation in the UK. Even those who have tried to say that we should set lower thresholds have come up with fairly fraudulent arguments about what would be lost if the big energy suppliers ceased to invest.

I wish to make two points on that. First, the big energy companies know the obligation that they share with us on the UK's 2020 renewable energy obligations. Any company that does not want to be part of meeting those obligations can simply surrender its part of the energy market, and I am sure that its competitors would gladly clean its plate for it—if a company does not want to be part of this, let it go. Secondly, it is fallacious to say that the companies are already doing what I hope the Secretary of State will ensure we are able to do after this Bill is passed. The fear argument is that somehow this 5 MW threshold would scupper investors' security. Even the figures on the British Wind Energy Association's website make it clear that, in reality, the amount of wind energy being supplied at less than 5 MW—the existing capacity—is 8 per cent., the amount in construction is 0.6 per cent. and the amount in the planning system is no more than 1.2 per cent. So this threshold will not scupper any of the energy companies' plans—the truth is that all their plans have been on a much larger scale.

The simpler reality is that the energy companies do not want to go down the path that 18 countries elsewhere in Europe have already taken with the introduction of feed-in tariff legislation. The principal reason for that is that the energy companies do not want to pay citizens for contributing to a renewable energy future, yet any of the partner countries in Europe will tell us that that is precisely what gives dynamism to their renewables agenda.

4.15 pm

It is brilliant that the Secretary of State has decided to be the driving force in ensuring that Britain occupies the same front line and promotes technology, innovation and scientific research while giving clarity and security to the structure within which that must take place. Some of that clarity must be in the definition of what will be included in the scheme. I think that even the large energy suppliers, perversely, will want the Government to deliver that clarity. They will want clarity about the time scale within which we intend to introduce the scheme, about the pricing regime and about how and where it interfaces with the renewables obligation. It is important that we make this change not just to deliver energy security for the future but to harness some of the potential that is sitting waiting for us.

The study that the Government commissioned from a company called Element Energy Ltd sets out the precise scale of potential energy that is waiting for us. The company pointed out that almost 8.9 GW of renewable energy could be delivered for the UK by 2020 with a range of preferential feed-in tariffs. At some point, we will need to return to the practicalities of what those tariffs will be. Different tariffs will need to apply to photovoltaics, to wind energy on different scales and to wave energy. They will have to be discounted over different time periods. The suggestion was that even if we set a starting tariff of 20p per kWh for wind energy, that would deliver 5 GW of new renewable energy by 2020.

If we start to put those facts together, we realise that the energy that will be delivered by 2020 has the scope to exceed existing UK energy generation from the whole nuclear industry before any of the new nuclear power stations start to deliver a single watt of energy, which will not happen before 2022. That transformation will be possible, and I would like the Minister to clarify the details rather than sign up to aspirations. There is no point in the House being pretty much united on a desire to set off in a race to a different renewable energy future if we are unable to say when the race will start, how long it will run for and what the course will be. We need clarification of the details today.

The amendments that have been tabled would strengthen the timetable, structure and vision of the Government new clause in Lords amendment No. 42. If we can get the Minister to endorse and clarify that this afternoon, we will emerge with a Bill that we collectively as a House of Commons can feel proud of, and which will genuinely take us into our own renewable energy revolution.

Charles Hendry: May I congratulate the hon. Member for Nottingham, South (Alan Simpson) on the work that he has done on this matter? The hon. Member for Cheltenham (Martin Horwood) was completely right to draw attention to the fact that, in his very modest way, the hon. Member for Nottingham, South had left himself off the long list of people to be congratulated, but it is genuinely the case that without him and his drive, commitment and willingness to work with others we would not be where we are today.

I also join the hon. Member for Nottingham, South in paying tribute to organisations such as Friends of the Earth for the very constructive way in which they have engaged in the debate. They have put a tremendous amount of work and detail into arguing the case, and it is absolutely appropriate that they should be thanked as well.

I hope that the Government might be willing to go a little further than they have so far. We are very grateful indeed for their agreeing to put feed-in tariffs into the Bill, and I hope that they will find it in their heart to accept the amendments before us today. I somehow suspect that they might not; but nevertheless I hope that they can be persuaded in the course of the debate. I think that we now have 95 per cent. of what is needed, and we just need that other 5 per cent. of detail to reassure people about exactly what direction the feed-in tariffs are going in and what they will deliver.

Initially, of course, the Government rejected the concept of the feed-in tariff, but they were subsequently prepared to accept it as we went into the Bill. However, it was clear all along that there was tremendous agreement and support for the principle among the non-governmental organisations, Members of Parliament on both sides of the House and their lordships. If we had had the Government's agreement earlier, we would be further down the line and it might have been possible to introduce feed-in tariffs within a year of the Bill getting Royal Assent, which I assume will be in the next few days.

Some of the work could have been done earlier, but we are where we are. As I say, the Government could have done more, and we would have been willing to assist them. As far as the consultation is concerned, I think that it should be possible in some cases to lock the people involved in a room and say, "You're not coming out till you've agreed on the terms." That could apply to some aspects of smart metering as well. It is all very well to say to people that we need months and months to talk through the detail, but if they realised that they were not going home to see their wives and kids at the weekend until they had worked out the detail, I think that we would have agreement on these matters pretty soon. A greater degree of urgency would be welcome.

Mr. Gummer: My hon. Friend might like to cast his mind back to the time of the packaging directive. Members of the industry said that they had to share the obligation among themselves, but they could never make up their minds about how that would work. I threatened that they would have to continue their deliberations over Christmas, and it was surprising how soon their wives made sure that they made their minds up.

Charles Hendry: My right hon. Friend makes a valid point. Clearly, if the people involved in the consultation are not reaching agreement, we could lock him in the room with them for the weekend. There is no doubt that that would move us forward to an early conclusion in these matters.

We will watch the progress of the consultation very carefully. There should be no doubt in the Government's mind that, if they do not deliver the feed-in tariff by the last date for a general election in 2010, we will make it a key plank of our election policies. We will make clear our determination to make it a priority to move this matter forward with greater urgency and dedication. Nevertheless, we hope that the Minister will be able to satisfy us about how the Government will deliver the feed-in tariff within the time scale that we seek.

The hon. Member for Nottingham, South also mentioned Government amendment (g), which proposes a change in the threshold limit from 3 MW to 5 MW and which will be moved later by the Minister. Concerns have been expressed by some groups that raising the threshold of the feed-in tariff above a limit of 1 MW would start interfering with the renewables obligation. We tabled amendments precisely to allow for the variation of the feed-in tariff, according to technology and the size of development. Some older and more developed technologies do not require the boost that a feed-in tariff would give to newer small-scale renewables.

The 5 MW limit is an upper limit only, and would not necessarily apply to all technologies at all sizes. We therefore understand why the Secretary of State has decided on that threshold. The idea behind it is to allow the inclusion of non-commercial scale projects, such as those that will be installed by homeowners, small businesses, local authorities, community groups, farmers and others. That would help out hospitals and schools that want to facilitate greater use of renewables and ensure low emissions as part of our 2020 targets. It would also help households to reduce their reliance on the grid, ameliorating levels of fuel poverty. However, we also understand why those in the wind sector were anxious about the threshold, as they are concerned not to have a system that jeopardises any investment plans. The key to resolving the problem is to have much greater clarity. We therefore urgently need the Government to indicate what upper limits for

[Charles Hendry]

feed-in tariffs would apply to which technologies, so that investors in every sector can understand fully what is being proposed and how it will affect them.

I am also keen to speak to the amendments in my name, and the name of my hon. Friend the Member for Tunbridge Wells (Greg Clark) and other hon. Members, through which we seek to get more detail about the exact definition of a feed-in tariff. They have been tabled because concern has been expressed about the nature of the feed-in tariffs that the Government propose to introduce. The Government were initially reluctant to introduce the feed-in tariff principle at all, so there are concerns that they might seek to wriggle out of the commitment that has been made while the Bill is passing through both Houses of Parliament.

A letter from Friends of the Earth to Members of Parliament, signed by many people associated with such issues, says:

> "We are concerned that neither of the amendments that the Government has made to the Energy Bill include a timetable for their introduction, and that the feed-in tariff amendment does not contain basic provisions to guarantee the introduction of a genuine feed-in tariff."

It goes on to quote Lord Hunt, who said that:

> "our hope is that a feed-in tariff scheme will be operational in 2010. Clearly, I have to say that that is a hope, and I cannot give that as an absolute commitment, because a lot of work needs to be undertaken."—[*Official Report, House of Lords,* 5 November 2008; Vol. 705, c. 234.]

Those comments have caused some concern, because they may mean that the 2010 target could be allowed to slip; the Minister has already made it clear that that might happen.

Those of us who have advocated a feed-in tariff for some time have always been clear that it must contain the basic elements of a feed-in tariff that are lacking from the Government amendment. There must be a definition that can apply only to a feed-in tariff. We are keen explicitly to exclude any option that would allow the payment to take any form other than that of a feed-in tariff. For the scheme to work effectively, the Government must fix the level of the tariff and guarantee the tariff level for a specified contract period. There would, of course, be different tariffs to reflect different technologies, and there would also be a need for the variations in the tariff to reflect the scale of the application involved.

Mr. Gummer: My hon. Friend says that Government should fix the tariffs; I believe that the experience elsewhere has been that it is better to have the tariffs fixed independently, to ensure that they are fixed on the basis of scientific comparison of the amount of investment necessary for different sorts of renewables. Does he not agree that that might be a better way of proceeding in Britain?

Charles Hendry: My right hon. Friend makes a valid point. There is concern that the feed-in tariff could be set at so low a level that no one would wish to take it up. That would be an effective way of killing off a feed-in tariff, if the Government were inclined to do so. Clearly, independent input is required, and because there may be elements of public funding involved, the Government have a direct interest in that being the case, too. Clearly, the issue would have to be addressed in the consultation. Perhaps the Minister could comment on what the most appropriate way is to bring forward the measure.

We are all clear that a feed-in tariff scheme must be different from the scheme for the renewables obligation certificates. We must be sure that the provision is not intended to introduce a super-ROC scheme. Lords amendment No. 42 on feed-in tariffs uses the phrase, "Feed-in tariffs", only in the title of the proposed new clause inserted by it. No definition is provided elsewhere in the amendment, so we see the case for providing greater detail. We may look to you, Mr. Speaker, to decide whether we may vote separately on the amendments, rather than voting on them as a block, depending on the response that we receive from the Government.

Amendment (c) to Lords amendment No. 42 is, again, in our names. Paragraph (a) of the amendment adds

> "a specified period of time".

A feed-in tariff needs to be a guaranteed level of payment for a fixed period of time, in order to give investors the certainty that they need and a guaranteed rate of return for each unit of electricity generated. In Spain and Germany, the tariffs run for a period of 20 years. However, under Lords amendment No. 42, there is no specified time. We have not suggested a specified time, but we need greater assurance from the Minister that the concept will be in place, and that a specified time will indeed be part of the mechanism.

Paragraph (b) of amendment (c) would change a proposed new sentence from

> "how a payment…is to be calculated"

to

> "specifying the level of payment."

The new clause would require the Government to specify only how the payment was calculated, rather than the level of payment. If the Government were to set the tariff payment level, it would not be a feed-in tariff in any sense that we recognise.

4.30 pm

Paragraph (c) of amendment (c) would give the option to establish what is called tariff digression. For example, either every year or, more likely, every few years, the tariff rate for new installations starting that year is likely to be slightly lower than before. The current wording of the Lords amendment would allow, through the Secretary of State simply publishing a new formula, the tariffs to be changed after the generator had started on a tariff. Certainty is needed for anyone deciding to invest in small-scale generation, and it would not be provided if the Government had the power to change the tariff halfway through the period in which it was supposed to be fixed at a certain level. That part of our amendment would make it clear that tariff degression applied only to new entrants, and not retrospectively to existing generators.

Our third amendment, (d), examines the need for the tariff to be set at different levels for different technologies. That is a basic feature of feed-in tariffs throughout Europe, and the Government must be prepared at least to make provision for it. The amendment would not force the Government to use the provisions, but it would give the Secretary of State the option to do so. The amendment would also allow for the banding of feed-in tariffs to be dependent on the size of development, so, for example, a technology generating between 300 kW and 3 MW might get a lower level of tariff than the same technology generating between 50 kW and 300 kW. That reflects the need for greater support for smaller installations. The level must be set at a rate that will provide incentives for the installation of small-scale generation.

Mr. David Drew (Stroud) (Lab/Co-op): When I looked at that argument, I wondered whether it would be appropriate to include the provision in the Bill, or whether it would not be better off in secondary legislation, given the changes that are taking place in renewable energies, as we speak. I wonder whether the amendment would be too technical for the approach under discussion. What are the hon. Gentleman's comments on that?

Charles Hendry: I am grateful to the hon. Gentleman, whose amendment is a beacon of clarity compared with some of the other technical aspects of the Bill. We have considered very carefully the point that he makes, and our view is that it is better to set out clearly now what is meant by a feed-in tariff so that there is no need for a discussion later, in which people say, "We haven't got what we thought we were getting." In our discussions with the relevant non-governmental organisations, we have found that they are concerned, as are other external commentators, that because of the lack of definition in the Bill, there is scope for a misunderstanding to arise later, and that is what we are very keen to avoid.

In addition, amendment (d) would require the Secretary of State to make provision for how costs relating to connecting installations to the grid or to the distribution network will be dealt with. It would not pre-determine how the costs would be dealt with, but simply require a determination to be made. Our concern is that if the provisions are not made, suppliers might be able to make such charges as they wish to small generators to make their investments unattainable.

I should also like to speak to amendment (f), standing in my name and that of my hon. Friend the Member for Tunbridge Wells (Greg Clark). There are concerns about the very low combined heat and power—CHP—threshold of 50 kW, compared with the 3 MW limit set for supporting renewable energy, and the effect that it may have on people investing in CHP. Under the renewable obligation, only larger-scale investments have prospered, but CHP has been recognised as one of the most significant drivers in reducing carbon dioxide emissions. Our cities are responsible for about 80 per cent. of greenhouse gas emissions, and their potential for installing CHP is enormous. To reach our targets on reducing carbon emissions, CHP must be encouraged. CHP can reduce the carbon emissions of a building by as much as 40 per cent., according to some external advisers.

The Combined Heat and Power Association, in a briefing to Members ahead of the debate, said:

> "A 50 kW CHP plant would serve a development of between 50 and 100 dwellings."

However, the association noted:

> "Raising the cap to 5 MW would encourage the deployment of CHP in community schemes of the order of 5,000 to 7,500 dwellings. It would increase the likelihood of developing local district heating schemes."

We are keen to see such development and roll-out of combined heat and power. If the 50 kW support threshold for CHP is not increased to the same level as the threshold for renewable sources of energy, the result will be to tilt the economics against investment in more effective CHP schemes. William Orchard of Orchard Partners, an expert on these issues, has said that the

> "50kW limit will distort the market and discourage investment in larger 500kW CHP used to heat blocks of flats".

Such projects should be at the heart of our thinking as we try to drive forward this complete change in our approach to energy, towards renewable energy and clean energy.

Although we all accept that renewable sources are the ideal for CHP, a fossil fuel CHP project can also deliver savings. In a submission to us, Clarke Energy, which implements a lot of CHP schemes across the country, said that the limit

> "would imply that fossil-fuel CHP schemes above 50kW output are not to be encouraged and not beneficial".

We all know that that is not the case and that we would be keen to see such schemes introduced as well.

We want much greater use of district CHP schemes. However, under the Government's plans, such schemes would receive support only if they used the ROCs, with all the complexity and confusion that that would involve. We want, for example, to encourage district general hospitals to replace their old boilers with CHP systems. Their output would typically be about 1 MW, or slightly more; however, they could reduce the carbon emissions of a large district general hospital by as much as 2,000 tonnes per annum and save it as much as £350,000 in running costs. If the systems generated more power than was needed, they should be eligible for support from a feed-in tariff. To exclude them would seem perverse; they might not be using renewable fuels, but would still have taken a significant step in the right direction.

The Minister has said that he is reluctant to accept the change. However, in the course of the Bill we have seen so many of our proposed changes accepted following protracted parliamentary scrutiny, and here we are proposing just a little further degree of detail. If we got that into the Bill, the people who have been delighted by the overall decision to include feed-in tariffs would be genuinely thrilled that what the tariffs are intended to do was tied down in detail.

Colin Challen (Morley and Rothwell) (Lab): I should like to add my tributes to those that have already been made. I pay tribute to my hon. Friend the Member for Nottingham, South (Alan Simpson)—my good friend, whose roof turbines will no doubt be spinning tonight—and to the Secretary of State, who has shown a real willingness to engage in the argument and see off some of the lobbying from vested interests. As my hon. Friend the Member for Nottingham, South said, it is clear that some of that lobbying has sought to keep other people out of this gravy train. That is reprehensible.

I also pay tribute to the Opposition, whose opinion poll lead has dropped to a mere three points in the past few days. Even now, however, they are urging us on to get a vote-winning formula ready by 2010. The subtitle of our manifesto might be "Power to the people", and we should be grateful to the Opposition for urging us to have the measures in place in time for the next general election. I am sure that it will be a great vote winner.

[Colin Challen]

I want to be brief, but I should make a couple of small declarations of interest. I am a very small investor in the Westmill wind farm co-operative in Oxfordshire, and I am a customer of Good Energy Group plc. Thinking of small businesses and small concerns makes me ask about the specified maximum capacity. We should use the correct language. It is not really a threshold; it might be one for the renewables obligation, but it is not the threshold for the feed-in tariff, which is probably half a kilowatt.

The specified maximum capacity is an issue. I support the fact that we have travelled a great distance; before the summer recess, we were considering one hundredth of the generating capacity as a maximum, but now the figure has multiplied by 100, which is a great step forward. My question relates to small businesses that may want to generate renewable electricity, but find a glass ceiling. What do they do when they get to 5 MW? Will they have to split off into separate entities to avoid the bureaucracy, which would be an additional—not a separate or replacement—burden? When they get to that maximum capacity, they will have to consider seriously what they do with their business, and that could mean a limit on their expansion. That will happen in the early stages, because we are just starting out on this process. I support having no specified maximum capacity for a feed-in tariff, but since we are having one, we need to consider what happens to businesses as a result.

Paddy Tipping (Sherwood) (Lab): I am anxious about my hon. Friend's comment. The renewables obligation has served us well in many respects, but it has not been acceptable and valid in the case of small microgeneration projects. Surely one cannot run the renewables obligation alongside a feed-in tariff that has no upper limit.

Colin Challen: We will, de facto, be operating a feed-in tariff alongside the renewables obligation. Some people who have small generation units of less than 5 MW may operate both systems. There might be an administrative burden for small businesses. What happens when they get to that ceiling? Do they split off, sell out to somebody else, or start again? Having the ceiling imposes a whole range of questions. I say to my hon. Friend, whose record on renewable energy is among the best in the House, that the real answer to his question is to ask why we did not start with the feed-in tariff all those years ago, instead of trying to improve on a failed system of support—the non-fossil fuel obligation, which was a Thatcherite market solution largely designed to support the nuclear industry.

In a few years' time—not immediately, because businesses, schools and communities will be just starting off with this far more confident future ahead of them—we will have to review this and consider increasing the maximum.

Alan Simpson: Will my hon. Friend reflect on his own knowledge of how feed-in tariff schemes operate in other parts of Europe, particularly Germany? Is not the right way to set the interface in running two schemes in parallel—feed-in tariffs and the renewables obligation—to be found in setting tariffs for higher levels of energy generation? After we have done that, is it not sensible to let the market itself decide? Although we are introducing further reforms to the renewables obligation, the Ernst and Young study commissioned by the Government last year set out specific and serious ways in which the structure of the RO is an obstacle to the development of renewables, in so far as it requires people to second-guess the future price of tradeable certificates. Is not the strength of the feed-in tariff regime its clarity and certainty over the guaranteed time for which it operates?

Colin Challen: I completely agree with everything that my hon. Friend says. We want that certainty, and in the near term we will now see it for people who want to invest their own money in small schemes. That is a brilliant step forward. The 5 MW maximum that will be in the Bill, since there is no other amendment, is a huge advance. However, the certainty that that brings will last only for a certain period, until people want to go that little bit further but do not want to get involved in the complications of the RO, which was designed for big business—the big box solution—and not for the smaller player. In a few years' time, in the fourth term of a Labour Government, we will have to ask ourselves what is the appropriate level for the maximum capacity. By that time, it should not be a problem, because people will have accepted that we have made this start and it will be a matter of a little tick-box that goes up to 50 MW or whatever is then thought appropriate in the light of experience.

I welcome the amendments. This debate is one of agreement and cross-party consensus. We can go out with that message, and show that on occasion Parliament works.

Steve Webb (Northavon) (LD): It would be remiss of me not to add my congratulations to the hon. Member for Nottingham, South (Alan Simpson) on all his achievements. We have all been harangued by him in the nicest possible way, and mysteriously come round to his way of thinking. I pay tribute to him, and to those who have briefed and lobbied us, including Friends of the Earth, which has been mentioned.

4.45 pm

We welcome their lordships' addition of a feed-in tariff, but the Liberal Democrats have added our names to amendments that support more definition of deadlines and the financial subsidy mechanism. Perhaps we are still not quite there on urgency. The Minister will be familiar with the 100 months campaign, which was launched at the start of August. It talks about 100 months before reaching a tipping point for climate change. We are already three and a half months through that time. We need a new way of thinking about such matters, which does not involve a consultation, a discussion paper, a Green Paper, a review or a period of further reflection. We are past all that.

Like the hon. Member for Wealden (Charles Hendry), my worry about the Minister in another place, who said that he hoped that we could achieve the aim in 18 months, but perhaps we cannot, is that not acting quickly is not an option. It is far better to get something roughly right by, as the right hon. Member for Suffolk, Coastal (Mr. Gummer) said, locking people in a room for a weekend, and then perhaps refining it, than to try to wait until it is perfect—it probably would not be perfect anyway.

I am worried by the mentality that assumes that we have to work according to financial years. I do not know whether I am right, but I sense a presumption about 6 April. I hope that that is not the case. I do not know where 6 April comes from—perhaps pagan festivals and the spring equinox—but it should not govern when we have to act. Things are far more urgent. We should get on with it the very day, week or month that we determine how to act.

I therefore support amendment (a), which would set a deadline of within 12 months of Royal Assent. We could fill any time available—we could spend six years thinking about this—but we urgently need to get on with it. I therefore urge the Minister to accept amendment (a). Even if he were not forced to do so, I am sure that he would want to pull out every stop to ensure that action was taken in 12 months.

I welcome amendment (f), and if the Minister does not feel able to accept it, I hope that we can test the House's opinion on it. It deals with combined heat and power. One could be a purist and say that, because that is not a renewable, it should not be included. That would be an argument, albeit one that I do not accept. However, if we intend to include combined heat and power and recognise its contribution, the low threshold is odd. I know that the Minister will try to justify it shortly, but the contribution of combined heat and power, at least in the transitional phase when we try to move to very low carbon, if not zero carbon, is demonstrable. To constrain it so much, up-front, in primary legislation is odd. Tariffs can differ according to technology and at varying thresholds, so the potential to treat small micro-CHP differently from larger CHP already exists. Removing the constraint simply gives the Government more power and flexibility. I therefore hope that the Minister will accept amendment (f).

A potential downside of the feed-in tariff has not been mentioned. We support and welcome the feed-in tariff, but I hope that the Minister will reflect on that possible downside. Who pays for it? If we are not careful, we know which small-scale community groups, hospitals and schools and householders will do small-scale generation. We know who will have a solar panel and—dare I say it?—a small-scale wind turbine on the roof. We know the social groups and the income bands that will do that and to whom the feed-in tariffs will be paid, if we are not careful. Everybody else will pay for it in their bills, and that will be bad news for fuel poverty.

We have a combined Ministry dealing with climate change and energy. Part of the energy remit is obviously affordable energy. Clearly, there is a tension. However, given that we want feed-in tariffs, and that we want them to be generous enough to make things happen, does not that place a great onus on the Government to get serious about social tariffs and tackling fuel poverty by other means? If all we do is introduce a generous feed-in tariff that results in an increase in fuel bills across the board, we will worsen fuel poverty. None of us wants to do that. What will go hand in hand with feed-in tariffs to ensure that we do not make fuel poverty worse? I hope that part of the answer is insulation and so on, but that is happening anyway. We hope that other energy efficiency measures will be taken, and that companies will introduce social tariffs, but there is precious little evidence of that so far.

Mr. Drew: I thank the hon. Gentleman—my neighbour—for giving way. Does he agree that that point is a weakness, and that one way of responding to it would be to collectivise the operation of the feed-in tariffs? One weakness of the renewables industry is that we rely far too much on pepper-potting activity, depending on the willingness of individuals to participate. We need communities, neighbourhoods and streets to take up initiatives together, so that they can benefit from the efficiencies that arise from economies of scale.

Steve Webb: I agree that one possibility for the 5 MW threshold is schemes of that kind. However, even if a school undertakes such a scheme, the money goes to the school. That is great for the school, but who is paying? Everybody else is paying, through their energy bills. My worry is that we will do something that is entirely laudable and right, but which has unintended consequences for those whom we are all so concerned about.

Alan Simpson: Is the hon. Gentleman aware of one way in which other EU partners have begun to address this issue? The certainty of the tariff system has allowed local authorities to cushion the installation costs in social housing, so that rather than being a barrier to addressing fuel poverty, the system turns out to be an additional resource. However, that is possible only by doing what the Secretary of State has done, which is to set a threshold high enough to encourage municipalities to undertake schemes on that scale.

Steve Webb: We can certainly learn from what has happened elsewhere, and the examples that the hon. Gentleman cites are good ones. For example, if a local authority takes forward a scheme, the revenue from that scheme can cushion council tax bills, or whatever. My worry is that whereas local authorities in Germany, for example, are substantially devolved, with revenue-raising power and other freedoms, we are grafting the feed-in tariff on to a British system that is staggeringly centralised. Local government has little power to do those things, although some find ways. There is great potential for what the hon. Gentleman describes, but a lot of other things would have to happen to facilitate it. In a sense, that is what I am flagging up. We need to ensure that mitigation measures are in place so that we get the good of the feed-in tariff without the damage of fuel poverty.

I want briefly to raise two other issues. The first is the issue of grandfathering, which is to say that we want to avoid any hiatus. Again, that argues in favour of the 12-month limit proposed in amendment (a). We want people to invest now; we do not want them to hold off. One reason for holding off on a smaller-scale development—either a renewables obligation development or a feed-in tariff development—might be to wait and see what happens to the feed-in tariff. If the Minister could confirm that somebody investing in a certain regime would be guaranteed that regime for the life of the project, that would remove some of the investment uncertainty. If somebody was considering investing in a 4.4 MW two-wind-turbine project, that project would be below the threshold, and therefore potentially either feed-in tariff-able or ROC-able. We would want them to invest now and to get on with it, so can the Minister clarify whether, if it turned out that the feed-in tariff would be more beneficial, such a person would be able to opt into the feed-in tariff, perhaps once and for all, for the lifetime of the project?

[Steve Webb]

If I were deciding today to go for a two-turbine 4.4 MW project, which could relate to either a ROC or a feed-in tariff, could I switch on to the feed-in tariff—once we know what it is, that is—or would I be committing myself to the ROC for ever, in which case I might delay until I knew what the feed-in tariff was? Can the Minister confirm whether there might be a one-off opportunity to switch? I am still slightly hazy as to whether, once everything is up and running and both schemes are potentially available to small-scale generation, people will choose one or the other, or whether they would be able to switch between the two and change their minds. Can the Minister clarify how the two will interrelate?

We warmly welcome the feed-in tariff, and the Government's amendment (g), which increases its scope. We need action to check that fuel poverty will not be worsened by the measure, but above all we need a sense of urgency, not endless further consideration to try to perfect the provisions. We must not make the best the enemy of the good. We must not simply strive for perfection when that means delay, because we will never have perfection. We need to get on with it—in which spirit, I support amendment (a), and I believe that amendment (f), on combined heat and power, also needs to be supported.

Mr. Elliot Morley (Scunthorpe) (Lab): May I also give my warm support to the introduction of feed-in tariffs? The Government have been bold on this matter. I also give my support to the campaigns by non-governmental organisations such as Friends of the Earth, and to the many Members of this House who have taken the issue forward.

It is fair to say that if we had understood feed-in tariffs better at the beginning of the incentivisation of renewables, the Government might have gone down that path. However, I understand, given the need to encourage investment in large-scale renewables and the fact that there has been a lot of investment in ROCs, that the Government are reluctant to disturb the stability that has been put in place. Stability and certainty are important, which is why I accept the argument that it is important for the Government to give some indication about time scale, pricing and structures. That cannot be done overnight; it will take a little time and involve some consultation. However, the sooner it is done, the better in terms of the undoubted benefits that we will get from a feed-in tariff. Those benefits will be both environmental and economic. There is no doubt that feed-in tariffs will be a great stimulus to the development of new small-scale technologies, and I am keen to see support for manufacturing in this country, innovation and new developments.

I also want to mention the potential impact of the measure on fuel poverty and people on low incomes. Some good points were made on that by the hon. Member for Northavon (Steve Webb) and my hon. Friend the Member for Stroud (Mr. Drew). Will the Minister consider the idea of a community or co-operative approach to encourage small-scale renewables? Perhaps one way of doing that is through warm zones. To their credit, the Government have pioneered warm zones, whereby additional funding is made available for insulation in areas of low-income housing. It would be possible, without too much difficulty, to adapt the funding for those zones to encourage the installation of small-scale renewables in the same way. I am sure that that could be done in partnership with local authorities. As my hon. Friend the Member for Nottingham, South (Alan Simpson) said, many local authorities would be very keen to be involved in such a scheme.

It is important that the environmental and economic benefits of small-scale renewables should be spread out to provide social equity. That way, we would have all three strands of sustainable development: social, economic and environmental.

All in all, this measure is a very welcome development, and I agree with my hon. Friend that the Secretary of State and the new Department deserve a great deal of credit for it. However, it is important, if we want the development brought forward, to have the earliest indication about the details and time scale, as other hon. Members have made clear.

Mr. Mike Weir (Angus) (SNP): Along with other hon. Members, I warmly welcome the Lords amendments that bring in the feed-in tariffs. I am glad that the Government have moved a considerable distance towards this. That is not something that the Minister will hear often from my party, and I hope that it does not damage him too much in the eyes of the Prime Minister.

I fully support amendment (a), which was tabled by the hon. Member for Nottingham, South (Alan Simpson). It is important that there is certainty regarding when the feed-in tariff will be introduced. The sooner we know, the better. As others have said, the hon. Gentleman led a very good campaign that received support from both sides of the House to get this far on the matter, on which he deserves our congratulations. Hopefully, he will be able to get us a little bit further, so that we can all be satisfied that feed-in tariffs are definitely coming.

My interest in the matter comes about because I represent a largely rural area. In many parts of rural Scotland—this also affects many other rural areas—there is a problem because many homes are not connected to the gas grid. I have for a long time raised questions—the Minister's predecessor, the right hon. Member for Croydon, North (Malcolm Wicks), heard me raise them often—about the problems of off-grid supplies for hard-to-treat homes. That is a serious issue for my area and many other rural areas.

5 pm

The hon. Member for Northavon (Steve Webb) rightly talked about fuel poverty, which is a real problem for those not connected to the gas grid at the moment, but wanting to heat their homes. I believe that feed-in tariffs offer the opportunity to look at renewable energy as a way of tackling the problem, and significantly alleviating fuel poverty in rural areas. It is not without its problems, one of which was touched on briefly by other Members: that many of the renewable energy resources are very expensive to install at the moment. The feed-in tariff will help to some extent, but we also need to ensure that the capital cost of the equipment is reduced, to allow many other people to take advantage of this. I look forward to the day when smaller communities can have their own renewable energy, and feed in the excess to the grid.

That raises yet another problem—the nature of the grid itself. There have been ongoing problems with renewable energy's access to the grid—an issue that I have spoken about on many occasions. I shall not rehearse all the arguments again, but I note that only this week, the Crown Estate Commissioners started their licensing application for renewable energy through wave and tidal power in the Pentland firth, which offers huge potential for renewable energy. Even there, however, there are problems accessing the grid.

The hon. Member for Nottingham, South mentioned the Pelamis development. On a visit, I actually stood under a Pelamis machine—thankfully, it was not in the water at the time. It has huge potential, but it needs to get into the grid. This a problem that we are going to have to tackle through Ofgem, to ensure that the grid can take on both large-scale and small-scale renewables and allow the feed-in. I suspect that many energy companies will allow grid access difficulties to stand between customers and feed-in tariff.

Alan Simpson: The hon. Gentleman is making an important point, but I hope he will accept that how we tackle the grid does not need to be addressed in this legislation. The EU directive on renewables gave all EU countries the right to decide for themselves whether renewables were to have priority access to the grid, or whether it would be left to the market. The UK took a decision not to make that a binding obligation. We could reverse that decision ourselves; we do not need to view it as a deficiency in the Bill. We can change the Government's remit through regulation, which does not require primary legislation. If we have the will, there should be no obstacle to changing the remit and putting ourselves on the same sort of playing field as the rest of Europe.

Mr. Weir: I accept the spirit of what the hon. Gentleman says; I was not suggesting that we needed to build requirements into the Bill. I was just making the point that the issue will have to be tackled, along with the introduction of the feed-in tariff. Grid access is a real problem, and we should not blind ourselves to it.

To conclude, I warmly welcome the distance we have travelled, and I hope that we can travel that last bit of distance and have a feed-in tariff regime that will really work—and work quickly.

Mr. Gummer: I hope that we are not in danger of sounding churlish to the Minister, as there is no doubt that we have moved a long way in a very short time. There is also no doubt that the new Ministry has got off to a very good start; right from the beginning, certain things were announced that we had all hoped for. The 80 per cent. reduction in emissions by 2050, and feed-in tariffs, were two things that gave all of us across the House a feeling that the new Ministry had lined up its ducks in the right order.

Therefore, it is with a certain amount of reluctance that I say to the Minister that there is a third element to this that would make a big difference—what I might describe as "urgency". If we are being fair about the excellence aspects, we must also be fair about the drawbacks. We have treated many of these matters with a lack of urgency. The Government have not been as quick or fleet-footed as they ought to have been. Most of us would accept that.

If that is true, and if urgency is very important, it is reasonable to support the amendments, to ensure that people get on with it. That is not because I believe there is any possibility of the Government going back on their feed-in tariffs decision. It would be foolish for anyone to suggest that someone will turn up and say that that is not what the Government promised. I would love to find out who it was in the Treasury who hated feed-in tariffs for so many years. There must have been a person whose life's determination was to block feed-in tariffs. However much the argument went on, somebody there deep in a cavern was determined to make sure that it would happen over his dead body. Now we will find the body, but it would be interesting to know to whom it belonged.

I do not think that the Government will get this wrong, but we need to involve people outside in a real crusade to find answers to the issues of climate change. The reason why I have always believed in feed-in tariffs, and why we made them a central part of our energy proposals in the "Quality of Life" report, was simply that we dare not leave to the experts, the big companies or the ministries the job of finding the way to solve the challenge of climate change. We must get every kind of person with any kind of contribution to make that contribution. As my hon. Friend the Member for Wealden (Charles Hendry) said, we are an innovative country and we can find ways that were hitherto unthought of.

Feed-in tariffs draw those ideas out and encourage all sorts of different people to find structures that make it possible for us to apply new ways of generation that would otherwise not occur. I hope that the Government will help us by ensuring that we know that this will happen quickly, and that people know how it will affect them. Will the Minister answer some of the questions asked by the hon. Member for Northavon (Steve Webb), who speaks for the Liberal Democrats, in terms of understanding whether people who opt in to one system can opt out, if the other is more suitable?

Perhaps the Minister will take these questions as compliments to the Government. We are all pleased that today we can see this new beginning; we just want it quickly. Christmas cannot come quickly enough, because we do not have time, and urgency must be injected not only into the Government, but into the world outside. If the Minister can give us that assurance, we will have a real reason to thank the new Ministry, beyond all the plaudits that it has received already.

Mr. Mike O'Brien: I welcome the debate and its positive tone, not least in terms of the praise for the Government and, quite rightly, for my right hon. Friend the Secretary of State. I join other Members in paying tribute to the work of my hon. Friends the Members for Nottingham, South (Alan Simpson) and for Morley and Rothwell (Colin Challen) and others who, on an all-party basis, have pressed for the changes.

The hon. Member for Wealden (Charles Hendry) was right that this measure will help hospitals and schools, but 5 MW of electricity can heat an awful lot of homes, indeed thousands of them, so that means we can ensure that we have electricity, and heat in due course, for large communities.

May I also reassure the hon. Gentleman that we are talking not about super-ROCs, but about real feed-in tariffs? That is certainly the obligation to which the

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Government have signed up, but there has been much lengthy debate about the effective deployment of renewables since the Bill was introduced in the House in January. I am pleased that hon. Members both sides of the House share our objective of ensuring that we are best placed and have the best possible financial framework to enable us to meet our 2020 renewables target.

The changes that we will make to the renewables obligation under the Bill will build on the success of the renewables obligation so far and lead to the deployment of more diverse mixes of larger-scale renewable electricity projects as we move towards 2020. That is important: although there is a lot of praise for the introduction of feed-in tariffs, the renewables obligation will continue to be a primary means by which we ensure that the 2020 target is hit.

We have listened to the arguments that the RO is not suitable for domestic and small-scale electricity generation projects, at least partly because of its relative complexity. Although some small-scale projects have operated via the RO, the results are patchy, so we have decided to introduce feed-in tariffs for small-scale low-carbon electricity generation. An upper cap for those feed-in tariffs has been defined in the Bill to give clarity and certainty to investors in large-scale projects under the RO. Our original amendment in the other place set an upper limit of 3 MW—we wanted the upper cap to be high enough to give us sufficient flexibility to ensure that we can direct support to small-scale projects of the right capacity.

It is important that there is no confusion about the fact that the 5 MW limit relates to capacity, not generation. The capacity restriction is not dependent on the number of kilowatt-hours that an installation will generate over a year. Different technologies will generate different kilowatt-hours of electricity, and they will be paid over that period. This is a capacity argument in terms of determining whether or not they qualify, rather than anything else. It is important that that point is made clear during the debate, so that no one expects all those technologies to generate at that massive 5 MW level or whatever, but we also want the cap to be low enough to avoid delaying perfectly viable renewable projects under the renewables obligation. Since the debate in the other place, we have decided that the 5 MW level will be better than the 3 MW one because it will enable projects that fall into the 3 to 5 MW category to benefit from feed-in tariffs. Those involved in such projects should analyse the evidence to find out which tariff is beneficial.

We will, of course, consult on the tariffs next year. As part of that process, we will undertake further analysis to determine the limit at which FITs would be set below the 5 MW cap. It is important to note that we expect that the renewables obligation will deliver the vast majority of renewable electricity up to 2020. We intend to make further announcements soon on how we plan to modify the renewables obligation to ensure that it delivers a much higher share of renewable electricity by 2020 than previously planned.

On a one-off opt-out to the RO or to FITs, we intend to make further announcements on our approach to transitional projects that could be captured in the new scheme. Our aim in this announcement, however, is to minimise the risk of projects being tempted to wait and see before committing to either the RO or FITs. It is absolutely crucial that we ensure that investment confidence is sustained in the RO for larger-scale electricity projects and that no project is disrupted while we develop a feed-in tariff policy to support small-scale low-carbon generation. Indeed, 2020 is only 11 years away; delay now is undesirable.

Amendment (a) seeks to require the Secretary of State to modify licences within a period of 12 months after Royal Assent to the Bill. I understand the wish of Members in all parts of the House to make rapid progress on these enabling provisions and to ensure that we deliver an effective scheme as quickly as possible. The need for urgency is felt no more keenly than in Government, especially in view of the EU renewables target that we need to hit by 2020. However, we also need to ensure that we get this right.

5.15 pm

For example, before we can modify the relevant licences to implement the policy, we need to develop models enabling us to introduce a scheme that can effectively encourage deployment on the scale that we want. We need to consult on our analysis on the proposed tariff levels of payments for the different technologies. We need to work with the electricity suppliers and Ofgem, which will deliver the tariffs to generators to ensure that the licence modifications that we propose will function as we intend, alongside the existing licence conditions that regulate this complex market.

Members should not assume that this process will be simple. It will be enormously complex. However, the benefits will be considerable and important, so we shall have to go through the process and we shall have to get it right. It will involve spending a vast amount of consumers' money, for, as was pointed out by the hon. Member for Northavon (Steve Webb), the consumer will ultimately pay for much of it. We do not want to waste any of that money. We do not want people to be pushed further into fuel poverty because we are spending more money than is necessary on a particular project.

The hon. Member for Northavon said that we had wasted enough time, and that we needed to get on with all this. I agree about the urgency, but moving too fast and getting it wrong will carry a price, and that price will be paid by consumers. We have an obligation to ensure that we get the process right, and that means getting the consultation right. While we all agree on the need for urgency, I trust that we also all agree on the need to ensure that we do not land consumers with a big and unnecessary bill.

Last but not least, we need to allow time for Parliament to scrutinise the draft proposals before modifications can be made. Parliament takes its time with things: it has to go through the processes. Let us ensure that we can carry out our consultation on the feed-in tariff system and the proposed tariff levels next summer. Following that consultation and through further work with Ofgem, electricity industry players and other interested parties, we shall be in a position to finalise the implementation aspects of the system, such as arrangements for payment processes.

Taking all that into account, we are committed to introducing a feed-in tariff scheme for small-scale electricity in 2010. Our ideal target is for the scheme to go live in

April 2010, so that it can be aligned with the financial year of the renewables obligation. As I do not know the date of the next general election just yet, I cannot assure my hon. Friend the Member for Morley and Rothwell that "power to the people" will be at the top of the manifesto; but I can say that, if this Parliament extends to a full term, it might.

We should not underestimate the challenges inherent in delivering a fully operational scheme in a little over 16 months, but, despite its complexity, it is important for us to set a target and try to meet it. We are committed to introducing the feed-in tariff as soon as possible. However, choosing an arbitrary date at this stage will fetter our ability to deliver a fully functional and effective scheme in 2010, and may put consumers at risk of having to pay more than they need.

Charles Hendry: The Minister says that he wants the introduction of the scheme to coincide with the start of the financial year 2010. Does that mean that if he missed that date, perhaps owing to factors beyond his control, the scheme would not be introduced until April 2011, or would he intend to introduce it as soon as possible thereafter?

Mr. O'Brien: I would intend to introduce it as soon as possible thereafter. In the event of a delay of a month or two, we would aim to introduce it after that. If, for example, Parliament took a little longer to discuss things for some reason, we would want to allow that time framework, but we would then be able to introduce the scheme at the appropriate moment. April is a convenient date because many, although not all, businesses manage their annual calendars in relation to it, but it is not an essential date.

Alan Simpson: I wholeheartedly agree with the Minister that it is more important to get the scheme right than just to get it in place quickly, but will he consider the following two things in the process of trying to combine those two goals? First, it is clear from today's amendments that a considerable amount of expertise in the House could be harnessed towards coming up with a scheme that we get right in the first place, so can we have a commitment to try to harness that know-how now, rather than leave it to the end of a consultation process? Secondly, will the Minister make sure that we have as seamless a transfer-in as possible, which does not lose certain things? For instance, will he look specifically at the current decision to close access to the low-carbon building programme in seven months' time, because the danger is that we will have precisely the sort of renewables energy-generating companies that will then cease to have access to the only low-carbon schemes we are currently promoting, yet we will still be dependent on such schemes for perhaps a year after they have ceased to exist? Will he look at the interfaces, so that we do not lose access to our current expertise?

Mr. O'Brien: We will certainly look into those issues, but I cannot offer my hon. Friend an assurance on them. I can assure him, however, that we want to utilise the know-how, and I can think of few better people to have their know-how utilised than my hon. Friend, and I ask him now if he will work with Ministers and our officials on developing the detail of this strategy over the coming 16 months, because there will be a lot of work to do. I hope that when he rises to close the debate, he will be able to reassure us that he is prepared to work with us on that.

I have quite a lot still to say, so I shall try to give as full a reply, and as brief, as possible. Amendment (b) to Lords amendment No. 42 suggests we replace the term "financial incentives" in proposed new subsection (2)(a) with "payment". The use of the term "financial incentives" clarifies that the general purpose of the scheme is to incentivise low-carbon electricity generation through financial incentives, as opposed to other means such as a regulatory obligation or barrier-busting support, such as help with the planning system. We believe that such clarity is helpful in setting out beyond any doubt the primary purpose of the scheme. However, to give additional reassurances about our intentions, I would point to the powers under proposed new subsection (3) that specifies the term "payment" in all the key provisions that will establish the scheme. In others words, it is explicit that we are dealing with payments to small-scale generators. What is proposed will be a real feed-in tariff scheme.

Amendments (c) and (d) seek confirmation that the Government intend to introduce a feed-in tariff scheme similar to those established on the continent. We want to ensure that those schemes work as effectively as possible in the UK electricity system, and we need to get this right. We certainly want to learn from our European colleagues and make sure we consider the best features of their schemes. My officials have already benefited from discussions with the German Government during the policy development process. Officials also attended the meeting of the international feed-in co-operation group in Brussels earlier this month, which was also attended by representatives from Spain, Germany and Slovenia. It aimed to update co-operation on feed-in tariff developments in the UK, and to show how countries could learn more about best practice from other nations with operational tariffs in force. That group has recently updated its best practice paper, which will be an extremely useful document for us to use when developing this policy, and we look forward to working in close co-operation with other countries. In line with best practice, the expectation is that generators will receive a guaranteed payment for generating electricity over a set period of time. This is covered in proposed new subsection (3)(a), which allows for "specified circumstances".

Changing proposed new subsection (3)(b) to include the words "level of payment" in addition to outlining how a payment is calculated is unnecessary as this is already covered in the proposed new subsection. For newly installed plants only, we expect that the level of payments for a given group of technologies will decrease year by year to take account of learning and economies of scale—a familiar concept in most feed-in tariff schemes. That eventuality is already covered in proposed new subsection (3)(c).

Amendment (d) to Lords amendment No. 42 concerns, among other things, the distribution system, a point that was raised on Report in the other place. It demonstrates the sort of complexities created by the introduction of a feed-in tariff. The new scheme has to operate within what is effectively a dynamic electricity system with many players and interested parties. Subsections (1) and (2)(b), as proposed in amendment No. 42, seek to address those issues by giving us the power to modify distribution licences where we believe it necessary to do

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so. The proposed new clause is sufficiently flexible to allow different levels of tariff payments to be made to different sources of energy and technologies as well as to different scales of plant, so I can give hon. Members some assurance on that point.

Finally, I would like to respond to amendment (f) to Lords amendment No. 42, which removes the capacity limit for fossil-fuel combined heat and power within the feed-in tariff. CHP has an important role to play in moving the UK towards a thriving, competitive, low-carbon economy. That is demonstrated by the range of support measures that we already have for good quality, fossil-fuel CHP, such as the exemption from the climate change levy, special status in the second phase of the European Union emissions trading scheme and eligibility for enhanced capital allowances. Those measures are already in place. We should not forget that the principal purpose of the feed-in-tariff clause is to reward smaller-scale renewable electricity technologies in order to meet our ambitious renewable energy targets.

However, we were persuaded by the arguments put forward in the other place by the Opposition, who sought, through their own amendment, to place a cap on CHP of 50kW. They did so because micro-CHP is still a technology in development, unlike large-scale CHP, which is a proven technology. As with other technologies, we can expect our final feed-in tariffs policy to set different tariffs for different scales of micro-CHP units, but it is most important that we support CHP appropriately. We cannot know all the unintended consequences of taking a last-minute decision to switch from a mechanism that should principally be about incentivising small renewable projects to one which can encourage non-renewable CHP up to a scale of 5 MW. Is that what that the Opposition intended? I have some concerns about that. The right place to consider the incentive framework for non-renewable CHP above the micro-level is in the forthcoming heat and energy efficiency strategy, not here.

Paddy Tipping: I am grateful to the Minister for giving way; he is being very amendable to the House. He talked about the incentives for CHP. I remind him that the Government have set a target for CHP, and he knows that we are a long way from achieving that. I welcome his undertaking to look at the issue again when we talk about a renewable heat strategy. It is important that we make significant progress in that respect.

Mr. O'Brien: My hon. Friend is absolutely right. I can heartily give him such a reassurance, particularly on a day when we remember Peter Lehmann, who was most active in ensuring that CHP was put on the public agenda. Today, on the day of his funeral, I pay enormous tribute to a man who was a wonderful advocate for people who suffer from fuel poverty, and who campaigned strongly for CHP. It was in the latter context that I first met him, and I reassure my hon. Friend that I—along with him and other hon. Members—want to ensure that the work that Peter did to advance CHP will be delivered upon.

Steve Webb: I do not understand why the Minister wants to prevent himself from having a power that he might want to exercise. Let us suppose that he keeps the 50 kW threshold in the Bill, but then decides, through his other strategy, that the best way to incentivise 100 kW or 150 kW CHP is through a feed-in tariff. He would be able to get on with that if we were to give him the power to do so today. Why does he want to prevent himself from having that power?

5.30 pm

Mr. O'Brien: Because we need to ensure that we focus on the renewables agenda that we intend this entire legislation to focus on. We have accepted an Opposition proposal that we make provision up to a certain level. Not setting the cap may have a series of unintended consequences that we need to consider with a great deal of care. I am advised that if, as the hon. Gentleman suggests, we decide at some future stage that we want to get rid of the cap, we would be able to do so in secondary legislation—we would have the power to do that.

I am satisfied that 50 kW should be the limit that we set in this Bill, because I do not want to create expectations that feed-in tariffs will be available to above that level for CHP. That would generate a load of speculation and a lot of pressure, and it would be very difficult for us to resist it, as we might wish to do after considering this issue in the round as part of a wider examination of non-renewable CHP. The hon. Gentleman's approach would close down the options much more than it would keep them open, because it would generate a level of expectation that I do not wish to see at this stage. I strongly believe that we need to examine the matter separately, and we will examine CHP above the micro-level in the forthcoming heat and energy efficiency study.

The hon. Member for Angus (Mr. Weir) raised an important point when he asked whether feed-in tariffs would help to relieve rural poverty and help people in hard-to-connect areas. The answer is absolutely, because this is a significant development for people in the sorts of areas that he identifies. He also mentioned, as did others, that there were problems in getting access to the grid, and he rightly said that such issues have to be addressed. However, we must remember not only that we need to help people in those rural areas with feed-in tariffs, but that the renewable heat incentive could be of significant benefit to such people. As a result of some of the changes that we are introducing today, if the House decides to accept them, some of his constituents, like the constituents of many of us—I, too, represent a rural area—could well derive significant benefits.

In conclusion, the Government are determined to reassure the House that we are committed to feed-in tariffs. In reality, we are not talking about super-ROCs or any such thing; these are genuine feed-in tariffs that we want to see implemented. We have a clear strategy on that, and I shall be happy to meet my hon. Friend the Member for Nottingham, South to discuss how we implement it. He can keep an eye on us to ensure that when we implement it, we do so properly.

Mr. Jim Devine (Livingston) (Lab): We should place on record our congratulations to my hon. Friend the Member for Nottingham, South (Alan Simpson) on his work. This is a dream day for him. He has been superb in campaigning on this issue and it is great how far this Government have gone. So, I also pay tribute to my Front-Bench team for today's debate.

Mr. O'Brien: My hon. Friend rightly says that we should praise my hon. Friend the Member for Nottingham, South. He has always been on the radical left of the party, so I am not sure whether a new Labour Minister praising him from the Dispatch Box would have been in his dreams or his nightmares. However, praise him we should and we do—I congratulate him on the work that he has done.

Alan Simpson: I speak with some trepidation, but I thank the Minister for the way in which he has responded to the debate. I do not think that the House could have expected him to go into such detail in his assurances about the specifics of what will be incorporated into the Government scheme. Anyone who takes stock of those will understand that they will put the UK scheme at the forefront of European standards of best practice and best guidelines rather than at the back. That is exactly where we ought to be.

On the timetable, I understand the Minister's anxiety to get the correct balance between urgency and accuracy. On the basis of his assurances, it would be crass to push the House to a Division. It would also be appropriate to say that given the specific invitations and the kind and generous words that the Minister has offered to me, I agree wholeheartedly to work with him in whatever ways the Government and the Department want me to. I can think of no better way of using my remaining time in Parliament. We are moving into our own renewable energy revolution, and that is something of which I am proud to be a part. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed to the Lords amendment: (b), in line 14, leave out 'financial incentives' and insert 'payment'.—*[Charles Hendry.]*

Question put, That the amendment to the Lords amendment be made:—

The House divided: Ayes 220, Noes 288.

Division No. 326] [5.36 pm

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Galloway, Mr. George
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Short, rh Clare
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter

Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
Jeremy Wright and
James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
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Benn, rh Hilary
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Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne

Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty

Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Ms Dawn Butler

Question accordingly negatived.

Government amendment (g) to the Lords amendment made.

Amendment to the Lords amendment proposed: (f), line 76, leave out—

'with an electrical capacity of 50 kilowatts or less'.—*[Charles Hendry.]*

Question put, That the amendment to the Lords amendment be made:—

The House divided: Ayes 222, Noes 286.

Division No. 327] **[5.51**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory

Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C.
(Monmouth)
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra

Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh
Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick

Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
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O'Brien, Mr. Stephen
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Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill

Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
Jeremy Wright and
James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
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Eagle, Maria
Efford, Clive
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Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
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Flello, Mr. Robert
Flint, rh Caroline
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Foster, Mr. Michael
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Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
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Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon

Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Ms Dawn Butler

Question accordingly negatived.

Lords amendment, as amended, agreed to [Special Entry].

Lords amendments Nos. 43 to 45 agreed to [some with Special Entry].

Clause 51

NUCLEAR DECOMMISSIONING: REGULATIONS AND GUIDANCE

Lords amendment: No. 46.

Mr. Mike O'Brien: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to consider Lords amendments Nos. 47 to 53, 58 to 63, 67, 86, 87, 90, 92, 93, 97, 98, 100 and 101.

Mr. O'Brien: This group of amendments covers the changes made in the other place to a number of issues in the Bill, including the three decommissioning regimes—nuclear, offshore renewables and oil and gas decommissioning—the reporting requirements and matters relating to smart meters. There is also a minor and technical drafting amendment. I shall deal with each of them.

Amendments Nos. 46 and 47 relate to the nuclear decommissioning provisions. The other place sought greater clarification about the factors that the Secretary of State may take into account when deciding to approve or modify a funded decommissioning programme for a new nuclear power station. Amendment No. 46 creates a duty on the Secretary of State to publish guidance on factors that it may be appropriate to consider when approving a programme or making a modification to a programme in clause 51(5). Amendment No. 47 creates a duty on the Secretary of State to have regard to that guidance. That provides the potential operator with greater certainty about the factors that the Secretary of State will take into account, while not unduly limiting his flexibility.

Amendments Nos. 48, 50 and 53 relate to the definition of security and the protection of that security in the event of insolvency for the three decommissioning regulatory regimes in the Bill—the nuclear power stations, offshore renewable energy installations and offshore oil and gas installations. The amendments clarify the meaning of the term "security" as it is used in relation to the three regulatory regimes. Under the Bill as it was previously drafted, there was a risk that if an operator became insolvent, the courts could construe the term "security" by reference to the narrow, legal nature of any arrangements in place, rather than to their broader economic effect. In such a situation, there would be a high risk that the taxpayer would have to meet any resultant shortfall in decommissioning funds. The amendments will help to ensure that the courts take a broad definition of security when considering insolvency cases, thereby helping to protect the taxpayer better.

Amendments Nos. 51 and 52 relate to the oil and gas decommissioning provision in clause 69. The other place debated an amendment aimed at more closely linking the liability for decommissioning an offshore installation to companies that have received benefits from the installation. The amendments are technical in nature, and make it clear that liability will apply to licensees only when they are entitled to benefit or have benefited from the principal purpose for which the installation is maintained or is intended to be maintained. The amendments will create a precise link between the benefit and activities on the relevant field. The liability will not extend to licensees on a different field even if they receive a secondary service from the installation. The amendments will extend further clarification to gas unloading and storage and carbon sequestration activities. The Government believe that these amendments add to the clarity and practicality of the respective frameworks while maintaining their robustness.

Amendments Nos. 58 to 62 reinstate a requirement for the sustainable energy report to cover a specific reporting period. We propose that this period should run from January to December instead of retaining the current 12-month reporting period ending with 23 February, which was arbitrarily based on the publication date of the energy White Paper in 2003. That change will enable our report to align with the carbon budget reporting cycles that will be established through the Climate Change Bill. The change of reporting period to a calendar year also necessitates a change in publication date. We have therefore added a requirement that the report for a particular calendar year should be published no later than October the following year. That would commit the Government to report by a certain time in the year but will still enable the appropriate analysis to be completed shortly after all the latest data become available, which is generally between April and July. Finally, we are reinstating the requirement in section 172 of the Energy Act 2004 for the Secretary of State to report separately to Parliament on security of energy supplies. Lobby groups have expressed concern that we might be seen to be rowing back from reporting, but that is not our intention.

Amendment No. 49 relates to nuclear decommissioning. The other place debated the offence under clause 57 of knowingly or recklessly supplying false or misleading information to Ministers in relation to nuclear decommissioning programmes, and whether that should apply in all cases. Lord Jenkin of Roding believed that that was too onerous. Amendment No. 49 therefore creates a materiality threshold so that only information that is false or misleading in a material respect falls within the scope of the clause. That makes clause 57 consistent with equivalent offences in other areas of legislation—for example, sections 117 and 201 of the Enterprise Act 2002.

[Mr. Mike O'Brien]

Some of the other Government amendments cover a variety of smaller technical matters and consequential issues related to legislation.

Let me turn to amendments Nos. 63, 86, 87, 90, 92 and 93. The House will be aware that the Government recently confirmed that we will move forward with smart metering for all households in Britain. I believe that we all recognise that delivering 47 million smart meters to homes across Britain in an efficient and well managed way will be an enormous challenge. On Report in the other place, Lord Dubs proposed an important amendment related to the type of market model that will underpin the roll-out of smart meters. As we develop the detail of the project, it may become apparent that there are advantages to moving away from our current competitive metering market and considering centralising some or all metering services. At the moment, smart meters could be got to six houses by six different suppliers, who could send six different sub-contractors to those houses, which could be all in a row next to each other. We should look for a better way of doing things. At this stage, our objective is to ensure that we have a legislative basis on which to deliver a range of future options to ensure an effective roll-out.

In response to my noble Friend's amendment, the Government tabled amendments Nos. 63, 86, 87, 90, 92 and 93. We believe that the new clauses and new schedule will enable us to deliver a range of market model options in future. They amend the Secretary of State's powers under the Gas Act 1986 and the Electricity Act 1989 to create new licensable activities and ensure that, by affirmative order, he can create new licensable activities in connection with providing, installing or operating smart meters or the related communications infrastructure. The power also provides that the Secretary of State may make regulations so that he or Ofgem will be able to award those licences following a competitive tender process, the detail of which is outlined in schedule 4. We believe that that type of power is the best way to ensure that we can deliver a range of market model options to ensure that, whatever model we choose, we retain an appropriate element of competition. This is about ensuring that we deliver the smart meters effectively and that we have competition that is not obtuse or bizarre but effective, and a model that enables it to be delivered.

6.15 pm

Mr. Weir: Will this allow the Secretary of State to ensure that the same type of smart meter is installed in an area so that if someone wishes to switch they are able to do so without needing to have a meter removed and a different type refitted?

Mr. O'Brien: We want to ensure that people are able easily to switch. We do not necessarily want to ensure that all the smart meters are provided by exactly the same supplier—we want an element of competition. In terms of delivery, we must work out how we ensure that we have smart meters that enable effective switching so that people do not need to swap them if they decide to switch suppliers two or three times a month to get the best price. I do not have a straight answer to the hon. Gentleman's question whether there will be one standard meter, although I think that there probably will not be. On whether we can frame a system of smart meters that will facilitate the sorts of circumstances where people are able to switch, I think that we should be able to do that. However, we need to consult those who will be delivering this stuff to ensure that the mechanics of doing it are right.

Amendment No. 67 is minor and technical. It clarifies the fact that the regulation-making as well as order-making powers set out in clause 94(2)(a) are subject to the affirmative resolution procedure. I hope that the House will agree to these Lords amendments.

Charles Hendry: Between the first and second Divisions, the gap between the Government and us narrowed by three votes, so if we had gone on for another couple of hours we would have got it down to zero. However, we decided not to inflict that on the House, and I am glad that we can now move on to the next group of amendments.

The Government will be aware that we have supported the approach taken in the Bill towards encouraging nuclear new-build. We think that they have got the framework broadly right. We have to examine the changes proposed in the Bill in conjunction with some of the other initiatives that the government are taking to encourage people to consider nuclear new-build.

Whatever one's approach to nuclear new-build, we should recognise the work that is being done by the office for nuclear development, which is an outstanding example of proactive government in seeing where there are problems and how to get round them to ensure that people looking to invest in this country feel that the Government are trying to remove the obstacles. That is a good example for other areas of energy policy. I single out for praise the work of Dr. Tim Stone in trying to identify where the obstacles may be, looking specifically at the nuclear installations inspectorate and seeing what needs to be done to provide it with additional resources and more skilled personnel so that it can move forward more quickly with the work of assessing the role that different reactor types might be able to play.

We welcome the changes that the Minister has announced today. We strongly support the obligation to publish the decommissioning guidance and the requirement on the Secretary of State to take account of that guidance. We also welcome the clarification of the definition of what would constitute information that is false or misleading. In fact, we proposed that in Committee, so it would be rather churlish not to support it now.

We welcome the clarification of reporting requirements. There had been a strong sense in and outside the House that the Government were using the changes to remove the requirement to report regularly and in a way that people could understand. The Minister has tackled that most helpfully.

There was particular concern about the vagueness of the time scales that would have been permitted and could have resulted in reports that did not reflect the same period of time. For example, one report could have covered 15 months, with the next covering nine months, and we could not easily have gained a clear picture of what was going on. We could not compare like with like. We therefore welcome the Government's change of heart and the decision to state specifically the definition of the reporting period, which will relate largely to the calendar year.

We also welcome the requirement to publish the sustainable energy report before the end of October in the year following the year to which it relates. Perhaps that approach could be taken to other Government reports, for example, on the number of people in fuel poverty. The figures always appear to lag approximately three years behind the actual figures. They probably do not lag when the numbers are going down, but when they increase, there seems to be more of a lag. Nevertheless, the requirement is a welcome step forward and we are pleased to support it.

One of the most significant changes of heart that the Government had during the Bill's passage was about smart metering. We are pleased that they will mandate the installation of smart meters. It will make a huge contribution to resolving fuel poverty, removing for ever the need for estimated bills. It will enable people to choose the cheapest tariff much more constructively and give the customer much more information. It will also help meet the environmental goals, which we share, encouraging people to use energy outside peak times. It will also be a key element in encouraging microgeneration by measuring two-way flows of electricity: that which is brought into a house and that which is exported from it. It will be essential if feed-in tariffs are to work.

It is crucial that smart meters will apply to gas, electricity and, potentially, water. That is an important step in fulfilling a range of different goals. It is a step towards what would be called a smart grid—a much more intelligent grid—and being able to control the way in which people's electricity is used and manage demand much more effectively.

We are glad that the Government have overcome their reservations and accepted in principle the case for smart meters, which energy companies, consumer groups, environmental groups and Members of Parliament of all parties advocated. We are also glad that they have been persuaded of the need to accept a time scale for introducing smart meters.

The 10-year roll-out is not significantly different from the current rate. Typically, in a year, 8 per cent. of meters are replaced and, just on that natural rate of churn, one would expect the whole country to be done in 12 or 13 years. Ten years is, therefore, not especially ambitious, but we recognise that it has much support in industry and with other groups outside.

We could shorten the two-year consultation period. Let us revert to the concept of a locked room, especially with my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) there to badger people to reach a conclusion. That would have been effective. We could achieve agreement in a much shorter time, but we are not prepared to make a big issue out of it because we are genuinely pleased with the Government's approach and the fact that they have taken on board many representations that we and many others have made.

Lord Hunt said:

> "We anticipate a period of around two years to resolve the issues and to design the full detail of a domestic roll-out. Our aim is then to ensure that the subsequent roll-out happens over a period of 10 years. This would see delivery of smart meters by the end of 2020 to align with our renewables targets."—[*Official Report, House of Lords,* 28 October 2008; Vol. 704, c. 1515-16.]

Will the Minister give us assurances or tell us the legal status of Lord Hunt's comments? Will he clarify whether the Government would be inclined to move more quickly on the installation of smart meters in new-build properties? A case could clearly be made for saying that it is easier to install them when a property is being built and that that should be done before replacing the stock. Can he give us assurances about the way in which the Government wish the roll-out programme to proceed?

Having said all that, the amendments are sensible and we are happy to support them.

Martin Horwood: It is the first time that I have spoken in today's debate, so, first, I congratulate the Department on moving some way with the amendments that it has tabled. We all acknowledge that the Bill is much better than the measure we started debating.

I am grateful to the Department for providing a briefing on some of the amendments that we are discussing today, partly because some are complex. I was encouraged by the heading, "Nuclear energy—false and misleading", but, sadly, it was only an introduction to amendment No. 49. For one moment, I thought that the revolution in the Department of Energy and Climate Change had begun—sadly, it has not.

I am surprised by amendment No. 49. I accept the Minister's comments that Members in the other place felt that clause 57 was onerous, but it is strange to punish knowingly false and misleading information, yet excuse it if it is slightly false and misleading, even if it is "knowingly or recklessly" provided. If even a small amount of false information is provided knowingly and recklessly, a small fine might be appropriate, but there should still be a penalty. Although we will not make a huge issue of that, there is a good case for retaining clause 57 unamended.

By contrast, we unreservedly welcome amendments Nos. 46 and 47 to clause 51. More frequent use of "must" in legislation that applies to Ministers is a good thing. Some of the duties that the amendments would explicitly create helpfully strengthen clause 51. The Minister understandably gave the amendments a slightly understated welcome, but he should be congratulated on accepting them. If they mean that the Department has to take into account the advice of, for example, the Health and Safety Executive and the Environment Agency, and that it must publish the way in which it has taken that advice, it will be less tempted to balance health and environmental considerations with those dictated by short-term political convenience—or, as is more likely, political embarrassment.

Let me deal with amendments Nos. 48 to 53—the most interesting set of amendments, which the Minister portrayed as somewhat technical—which cover the slightly controversial subject of the nuclear decommissioning programme. The hon. Member for Wealden (Charles Hendry) is right that there was considerable debate, which I shall not revisit, about them in Committee. However, it was good to hear the hon. Gentleman making it crystal clear that the Conservative party is now enthusiastically pro-nuclear and has abandoned the ambivalence that seemed to be present in Committee about whether it could be simultaneously pro-nuclear and anti-nuclear. He clearly said that he wanted to encourage nuclear new-build, and I welcome his clarification of his party's position. It is obviously not our position.

We are especially concerned for the amendments on arrangements for securities to do what the Minister suggested and better protect the taxpayer. What would

[Martin Horwood]

happen if the funded nuclear decommissioning programmes turned out not to be so well funded? That is a critical question. The amendments sensibly help define the term "securities" in a legal context. However, as we know, not all securities are as secure as others. As businesses and local authorities that are trying to recover funds from Iceland have found, some bonds and investments turn out not be as secure as they had believed.

That underlines the long-term issue with funded decommissioning programmes for nuclear power, which is whether, in the event of future economic downturns, financial crises or simply bank failures, the public purse will yet again have to subsidise nuclear power. Perhaps this is a moment for the Minister to clarify how likely he thinks it is that those provisions will be used to allow public funds yet again to bail out the nuclear industry, which seems to us to be a bail-out that we need not risk at all.

6.30 pm

Many of the remaining amendments in the group are technical, tidying amendments, which is welcome. The most interesting are those from amendment No. 63 onwards, which relate to smart meters. I entirely endorse the comments that other hon. Members have made about these important provisions. It is welcome that we are setting the framework for smart meters to be introduced. Smart meters will empower householders, so that they can not only play their part in tackling climate change and helping to save the planet, but use their household appliances much more efficiently and reduce their energy bills, thereby tackling fuel poverty. That has to be a good thing and, as the hon. Member for Wealden pointed out, may contribute towards a more intelligent use of energy on the grid more broadly.

It is a shame that the time scales envisaged in the amendments are of the rather more relaxed kind that were typical of the old Department for Business, Enterprise and Regulatory Reform, rather than the imaginative new Department for Energy and Climate Change. It is pretty disappointing that the process will be complete only by 2020. We all know—the financial crisis has underlined this—that the House and the Government can certainly move fast when they want to. It would therefore be nice to see a greater sense of urgency in the planning of the introduction of smart metering.

The Minister is right, however, that there are complicated details to be sorted out. I understand that, and the devil will be in the detail. I am sure that I am not alone in having already been lobbied quite extensively by advocates of different systems and technologies. We can all anticipate a heated debate on the regulations and orders made under the Bill. It will be important that we get them right and that we correctly balance commercial competitiveness, affordability for energy customers and the environmental priority of having the best possible technology to allow people to reduce their energy use.

Overall, however, progress is progress. I end by congratulating the Government on the bulk of the amendments and on the green shoots of environmental change that they are beginning to cultivate in their policies.

Mr. Mike O'Brien: I was interested in the opening comment that the hon. Member for Wealden (Charles Hendry) made about the vote moving his way. I look at the assembled ranks behind him and wonder whether that would continue—mind you, Mr. Deputy Speaker, I look at the similarly empty Benches behind me and wonder what our majority would be. I join the hon. Gentleman in praising the work of Dr. Tim Stone and welcome the establishment of the office of nuclear development, which was set up by my predecessor, my right hon. Friend the Member for Croydon, North (Malcolm Wicks), who was with us earlier, and our predecessors in the Department for Business, Enterprise and Regulatory Reform, including the then Secretary of State.

Let me deal with the points that have been raised. On the target of two years plus 10 years, we are undertaking a massive project and we need the time to do it properly. New build provides us with the opportunity to make sensible provisions early on. We would like to consult the building industry on how quickly we can introduce the scheme, but it makes sense that new buildings should have the new smart meters as soon as possible.

The hon. Member for Cheltenham (Martin Horwood) raised a couple of issues, including one about clause 57 and the need for materiality before a prosecution is undertaken. If somebody knowingly or recklessly gave information that was utterly immaterial to the decommissioning process, it would be a bit onerous for us even to give them a small fine. People do things frivolously, and that can be taken as reckless; therefore, we need some element of materiality in a criminal prosecution. That is why we have decided to accept the proposal made in the other place that there would need to be some issue about the release that was deserving of prosecution.

The hon. Gentleman also asked about the public becoming responsible for decommissioning. I remind him that nuclear power was initially public, which meant that there was an obvious public liability in relation to decommissioning. However, in respect of the introduction of nuclear power in the future, we have said that we are putting in place robust mechanisms to ensure that the taxpayer is protected, through ensuring that the operator securely pays sufficient funds to cover the costs of decommissioning and waste management. We have no intention of subsidising new nuclear, and that will include the costs of constructing the stations. Keeping the costs of construction under control is a matter for energy companies, not the Government.

The strength of the regime lies in the wide range of powers that we have taken. They include the power for the Secretary of State to modify a programme, issue a direction, request information, undertake reviews and, if appropriate, bring criminal proceedings to ensure compliance. The power to place bodies corporate associated with the operator under certain obligations—for example, if the Secretary of State considers that there is a risk to taxpayer protection—adds further strength to that regime. The regime is fairly robust and will ensure that we can protect the taxpayer. Having responded to those points, I hope that the House will be able to support the amendment.

Lords amendment agreed to.

Lords amendments Nos. 47 to 53 agreed to.

Before Clause 80

Lords amendment: No. 54.

Mr. Mike O'Brien: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 55 to 57, 64, 66, 72, 76, 78, 95, 96, 102 and 104.

Mr. O'Brien: This group of amendments covers a large group of areas that the Bill addresses, including: the duties of Ofgem and the related issue of access to the transmission grid for new electricity generation projects, including renewables; the ability of distribution network operators to recover the costs associated with making offers of connection to new developments; and ensuring consistency between the Bill and the existing statutory framework for energy policy.

Let me deal with this group of quite complex but important amendments. We have had a lot of debate about Ofgem and its powers during the passage of the Bill. A number of concerns have been raised, centring on the need to give sustainability greater priority in Ofgem's statutory duties and the need to address the problems of strategic investment in the electricity transmission grid in the medium and longer term, and access to the existing grid in the shorter term.

After the determination shown on the subject by Members of both Houses, we brought forward a package of amendments in the other place that we believe will address those key concerns. The first element of our proposals, in Lords amendments Nos. 54, 95, 96 and 104, is to change the Secretary of State's and Ofgem's duties in two ways. The first is by placing the words "existing and future consumers" directly into the wording of the primary duty. In the other place, the Government were persuaded by arguments that placing such a formulation of words directly into Ofgem's primary duty would be a clear signal from Parliament that it must take the needs of tomorrow's consumers into account when making decisions today. It is a key signal about the importance of sustainability in decision making.

The second change to the duties was made in response to those who wanted the Government to find a way to put consideration of sustainability on to an equal level with security of supply.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): Will the Minister give way, before he finishes talking about Ofgem?

Mr. Mike O'Brien: I have not left the point about Ofgem, but I was going on to the second part of it. I shall make that point and then give way to my hon. Friend.

The second change in relation to Ofgem was making sustainability equal with the issue of security of supply. Amendments Nos. 54, 95, 96 and 104 will therefore place sustainability at the same level within the hierarchy of duties as security of supply, at the top of Ofgem's list of secondary duties. We are confident that that will give sustainability more prominence in Ofgem's decision-making process, while maintaining its primary focus on consumer protection, without creating uncertainty for investment in new energy infrastructure.

In the other place, peers emphasised that their key concern was the problems that generators face in connecting to the electricity transmission grid. Before I continue on an issue in which I know the hon. Member for Angus (Mr. Weir) is interested, I will give way to my hon. Friend.

Mr. Donohoe: It is clear in example after example in my constituency that Ofgem is powerless in a number of ways. What is being done to improve the situation so that we can best protect our constituents? Clearly, just now, Ofgem is almost a toothless tiger.

Mr. O'Brien: It seems to me that the way in which Ofgem was set up gives it quite strong powers. In the past, it has worked with the industry to ensure that competition was effectively delivered. We have been clear with Ofgem that we expect it to use its powers robustly in future to ensure not only that competition is effectively delivered, but that consumers are fully protected.

That needs to be done within the context of recognising that we are expecting billions of pounds-worth of investment in new generation to come from the energy companies. We are asking for vast amounts of money from them—billions of pounds—for new power stations, renewables development, wind farms and nuclear. The change in the size of the agenda is massive. Ofgem is well aware that it has a role in ensuring security of supply and a competitive market, and that the consumer is dealt with responsibly when it comes to competition. However, it must also ensure that the energy companies are able to bring forward that very substantial generation, to ensure that we have the energy that consumers need for the future.

Getting that balance right is always going to cause a lot of debate and disagreement. Ministers are supporting Ofgem, but we are also making it clear that the new Department expects it to use its powers robustly. At the same time, it must recognise that there is a wider agenda than merely keeping prices as low as possible. Recognising that agenda is desirable for all us, as the energy suppliers agreed when we met them yesterday. It is also important that we bring forward that investment and deal fairly with suppliers.

Alan Simpson: I am grateful for the Minister's clarification, because the implications of the words added to Ofgem's primary duty are quite far reaching. Is the Minister confident that Ofgem understands that this is not simply a bolt-on phrase that is being added to the primary duty, but a sea change in thinking? I ask that because whenever we have asked Ofgem to address specific commitments either to a future shift to renewable energy or to specific provisions that address the needs of the fuel poor, we have not been able to get it to go beyond its primary duty, which is delivering price competition within the market. If the poorest have had any choice, it has been simply to change supplier. What the Minister said represented a much more radical upheaval in the thinking. Does he feel that Ofgem is clear about the scale of the sea change that he has invited them to accept?

6.45 pm

Mr. O'Brien: That depends how we define radical sea changes. I am sure that Ofgem is aware of the changes. We meet Ofgem officials frequently to discuss such

[Mr. Mike O'Brien]

issues, and they are aware. Indeed, more importantly, the suppliers and generators of energy will need to be aware that the requirements are part of Ofgem's remit. Therefore, when it comes to making decisions, they will have to have regard to the requirements. They are important changes, but whether they amount to a sea change or an element of radicalism remains to be seen. We have made it clear to Ofgem that we expect it to have full and proper regard to the changes when it makes decisions.

Mr. Weir: Will the Minister give way?

Mr. O'Brien: I was just about to move on to the hon. Gentleman's concern about transmission grids, but I will give way on that point.

Mr. Weir: I always find that the problem with Ofgem is simply that the guiding factor was not necessarily consumers, but its strange vision of locational charging. That everything was determined by an economic theory of locational charging was always the excuse, for example, when we approached it about difficulties with grid connections. I am not sure that the changes to bring sustainability will necessarily deal with that central problem with Ofgem.

Mr. O'Brien: At the time of privatisation, when the rules under which Ofgem operates were set, it was required to have regard to competition in particular. Ofgem officials have always fallen back, in my discussions with them, on that requirement. With the legislation, we are trying to clarify and emphasise some of Ofgem's roles, so that we can get it into a better position to deal with the issues, without damaging the way in which we expect companies to bring forward long-term investment.

For example, if we were to start arbitrarily changing the parameters of Ofgem's activities, investors—many of whom are from other countries and are putting large amounts of resources into the UK—would question whether they wanted such a presence. Because this market is a good one, I believe that most of them would want to be here in any event. However, there are degrees and proportions of investment, and we therefore want to ensure that we have the Ofgem rules right. We have listened with care to the arguments in this place and the other place on how to introduce issues such as the need to look after the interests of future consumers and sustainability. We have also examined how to ensure that electricity transmission issues are better addressed.

In the other place, Lord Oxburgh urged the Government to consider bringing forward a power for the Secretary of State to intervene to resolve some of the grid access issues if the current industry process to reform the codes and licences were to fail or be delayed in some way. Having given that careful consideration, we introduced amendments Nos. 55, 56, 57, 72, 76 and 102 to deal with the problem. It is vital that the industry negotiations make significant progress quickly, and that the Secretary of State should therefore be given the power to intervene only if that proves not to be the case.

These amendments will give the Government the power to amend licences and codes and will help deliver the high-level principle set out in the transmission access review. It may be used only for the purpose of facilitating access to, or efficient use of, the transmission system. The power is time-limited to two years from the date of commencement, and the Secretary of State is obliged to consult the holders of any licences that will be affected, Ofgem, and anyone else he considers appropriate.

I believe that, together, these amendments will at least assist in dealing with the issues of grid access and strategic investment, as well as helping to make sustainability a more prominent part of Ofgem's culture as it continues further to develop the work it has already done in this area. I am not presenting this to the hon. Member for Angus as a panacea; it is not. We recognise precisely what he says—that there are issues about transmission access to the grid and that they have to be resolved. That is why we sought the transmission access review to look further into how to resolve these problems, and the process to get agreement on how to deal with it is now under way. This will give the Secretary of State the ability to resolve some matters—if necessary, on the grounds that agreement has not been reached.

Amendment No. 64 was made in response to another of Lord Jenkin's proposed amendments in the other place. It introduces a new clause to give the Secretary of State a regulation-making power to provide for distribution network operators to charge up front for the work carried out in providing network connection offers.

The practice of up-front charging was until recently carried out with Ofgem's approval—until it was found to be unlawful. The Government believe that an element of up-front charging for assessment work related to large commercial projects is an efficient way of balancing the need to promote competition in the market for distribution network connections, while disincentivising speculative connection requests. What happens is we get these speculative requests, they get a slot, they crowd out those that are more definite, and it ends up with those who want access being put further down the queue. We need the capacity to charge some fees, so I believe that this is the right approach. It is envisaged that the regulations will be made, following a consultation by Ofgem to ascertain the most appropriate way of allowing these charges to be levied.

Amendments Nos. 65, 69 and 75 are technical amendments to ensure consistency between the powers in the Bill for the Secretary of State to modify licences granted under the electricity and gas Acts and similar powers in the existing statutory framework for the energy sector. I will not go any further into these amendments, but I am happy to answer any questions about them. I recommend that the House accept them.

Charles Hendry: We welcome the Government's response to recommendations made over the last few months about Ofgem's remit. We understand that it was difficult to go down the route of giving Ofgem a dual primary duty. At the end of the day, that would have meant that it had a duty to consumers and an equal duty towards sustainability. It is probably right that it is for the Government to make any decision about the balance between those two objectives, rather than devolving their power to an independent but unelected body.

We recognise the Government's sensible approach of attempting to rebalance Ofgem's responsibilities to ensure that the interests of future consumers, alongside those of current consumers, are taken into account. That will allow Ofgem to require that actions be taken now to provide for our long-term energy security and to address issues of long-term affordability as well. Generally speaking, the Minister has found a clever way through the different options put to him, and we support him in that.

We welcome the explicit highlighting of the requirement for Ofgem to take account of measures that will assist sustainable development—essentially putting at the top of the list of secondary duties a duty towards sustainability. Although that does not go as far as some might have wished—some wanted sustainability to be a primary duty—it makes it clear that it is at the top of the list of secondary duties. That is also something that we think should work effectively.

There has been much discussion—in Committee and more generally—about problems of access to the grid, especially for renewables. The current position, whereby applications have to be connected in the order in which they were applied for, is absurd. It has led to some facilities not getting a connection for years after they have been given planning consent and been built. The worst case I know of is the offer of a connection in 2022—14 years from where we are now—even though the facility will be available to run many years before that. It is right for the system to be able to take account of planning considerations and actual construction issues, and to be able to distinguish between projects that can be brought on stream at an earlier stage than others that are many years off.

It is genuinely desirable to achieve the objective through voluntary agreements and it is appropriate to see whether such agreements can work. We await with great interest the outcome of discussions between the regulator and the industry. If agreement cannot be reached, however, we simply cannot allow the situation to drift on; the Government need to have powers, so that a solution can be imposed if it cannot be found through voluntary agreement. We hope that those powers will not be needed, and that the voluntary agreement will work, but we support the Government in taking on these powers, if necessary.

Martin Horwood: We welcome the amendments in general terms, but some aspects of them are a little disappointing. Unlike the hon. Member for Wealden (Charles Hendry), I am afraid that we regret the fact that the sustainability requirement was not placed alongside security of supply as part of the primary responsibility in Ofgem's remit.

Even at the top of the list of Ofgem's secondary requirements, the definition of sustainability remains absolutely key. Unfortunately, in other Government Departments—not necessarily in this new Department—we have seen the use and abuse of the word "sustainability" in many different respects: the Department for Transport appears to believe that it is sustainable to build a third runway at Heathrow; the Department for Business, Enterprise and Regulatory Reform thought that it was sustainable to build unabated coal-fired power stations; and the Department for Communities and Local Government thinks it is sustainable to bulldoze over increasingly large areas of the countryside. The word "sustainability" is thus one that needs to be tightly defined. Luckily for the Government, one body has been very robust in its definitions and very wise in its advice—the Sustainable Development Commission. I thus urge the Department—and, indeed, Ofgem, in exercising its duty—to take its advice on the precise definition of sustainability and sustainable development.

Subsection (2) inserts the words "existing and future" in respect of Ofgem's customers. It is an interesting and clever formulation to address this issue and place it within the primary duty, but it is a little obscure and it poses the question of why we cannot one day simply value the environment in its own right, without having to regard it as a consumer entitlement of future gas or electricity customers. It is an awkward formulation, and I am not convinced that it will achieve what some of our noble Friends believed it would, as they thought it would be a completely unambiguous provision, but there is still room for some doubt about that.

In the end, we have to encourage Ofgem to look radically at pricing and payment for energy works. The reform of energy pricing should one day break the link between the increased use of energy and electricity and the profits of the energy companies. That link has to be broken in some way. We need to reflect on whether it can be done by allowing consumers to pay still more for increased use of energy or by capping the profit that an energy company can take from an increase, perhaps redistributing it as another means of tackling fuel poverty. These issues are being looked at by other regulators. Ofwat is having some interesting discussions in connection with the current price review on water, attempting to break the link between resource use and private profit. It seems to me that Ofgem should be looking into the same issue, but I am not convinced that the provisions in the Bill will be strong enough to allow that to happen.

For another example, some have advocated moving forward on the access transmission system from what is described as the "invest and connect" model to a "connect and manage" model that would prioritise connections to renewable sources of electricity and provide a structure that would guarantee a priority for low-carbon technologies and an incentive to move towards them. That has been advocated by the British Wind Energy Association—and I suppose we might say that it would advocate that, wouldn't it? But it is also supported by the Sustainable Development Commission, which is there to advise the Government independently on the application of sustainable development policy. It is through tests such as this that we will really see whether this section of the Bill is strong enough to achieve the kind of change that we want to see in the energy markets, and will support the ambitious targets for carbon reduction that we will probably be debating later this evening.

7 pm

Mr. Weir: I want to make a few brief remarks on this subject. I have had many struggles with Ofgem over the years on the question of transmission charges. I genuinely welcome the amendments, which move things forward a little, particularly on up-front charges and the ridiculous situation with people having to wait years for connections. I continue to have concerns, particularly about Ofgem's state of mind on locational charging and economic theory. That was always frustrating when discussing transmission charges and connection charges with it. Earlier I mentioned the possible development of the Pentland firth and the need to strengthen the grid overall. I am not sure that Ofgem, even with this proposal, has the mindset to do that.

[Mr. Weir]

I say that because I well remember the last Energy Bill, during whose passage there was a lot of discussion about capping charges for access to the grid. At the end of the day, a clause was inserted into the Bill to allow one area to have capped charges. It was widely assumed at that time we were talking about the Highlands and Islands of Scotland. However, it was only the islands of Scotland on which the price cap was placed; it did not really work, and Ofgem continued on its own merry way.

I am not clear from the amendments the basis on which the Secretary of State will intervene to deal with this point, or what advice he will take before doing so. Ofgem has tended to be the organisation that advised the Secretary of State of the actions he should take, so we seem to be getting into a slightly circular difficulty with that. The measure will also last for only two years. This is the same argument with the sunset clause on the capping charges, which allowed five years, if I remember correctly, for the first development that was capped, as it was very quickly on a sliding scale. I am not convinced that this proposal will get to the root of the problem.

Having said that, I recognise that there are slight signs of change in Ofgem in recent months. I was slightly encouraged by its recent report on the energy companies, which was far from perfect but did finally show that it intended to take action on the scandal of prepayment meters. That suggests that Ofgem's mindset is beginning to change a little, but I would have liked to see something stronger to ensure that the grid was strengthened and our wide capacity for renewables would be able to connect to the grid quickly. I fear that that will be the bottleneck that will prevent the uptake of many renewable resources.

Mr. O'Brien: I shall respond briefly to the hon. Member for Angus (Mr. Weir), as most of the other comments were welcome and positive. The hon. Gentleman is right to say that we need to examine transmission access, which is why we have had the review. We need to make sure that that is now put in place by consultation. Obviously, access is a difficult and a complex issue. This is not just about the way in which it is administered; it is about the actual mechanics of getting access and the cost of creating that access for the new renewables or other projects, particularly in terms of bringing renewables on to the grid. We need to make sure that, as we have a target of 2020, we create the mechanisms that enable that target to be achieved. I accept many of the points that the hon. Gentleman made, but I wish their solutions were easy; they are not. He is right to say that we must continue to work to try to resolve them.

Lords amendment agreed to.

Lords amendments Nos. 55 to 64 agreed to [some with Special Entry].

After Clause 90

Lords amendment: No. 65, to insert the following new clause—*Renewable heat incentives.*

Alan Simpson: I beg to move amendment (a) to the Lords amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 70, 77 and 105.

Alan Simpson: Lords amendment No. 65 is decidedly good news and amendment (a) simply seeks to put a time frame around its implementation. The reason I say that it is decidedly good news is that there has been a very important shift in the thinking about how we deal with the heat part of the energy agenda. For a long time whenever Members approached Ministers on the issue, we were given the rather intriguing assurance that the Department had a "team on heat." This may have raised some eye-watering prospects as to what life was like in the then Department for Trade and Industry or Department for Business, Enterprise and Regulatory Reform, but it was not clear whether this team on heat was delivering anything.

One of the problems was that the efforts at that time were centred on trying to find an equivalent of the renewables obligation for heat. The good news about the amendment is that it represents an abandonment of that search in favour of a feed-in tariff arrangements; a production tariff, the like of which we can see in operation in other parts of Europe. I welcome that, and the important thing for us to address now is the time scale and the significance of the measure in connecting with other parts of the renewables agenda that we have already debated this afternoon.

I would like to give just a couple of examples of why it is important that we get the time frame right. Perhaps I should say in parentheses that I welcome the fact that the Government have accepted that there should be no threshold in relation to heat generation. That is a definite good move that allows us to bridge the gap that currently exists between ourselves and, for example, Germany in relation to the generation of heat from renewable sources. In the UK at the moment there are 17 biodigesters producing gas and heat. In Germany, there are 5,500. The reason for that is that the German system already has a production tariff, which allows the system to work in ways that direct heat to off-grid communities and/or to the fuel poor, while allowing it to connect to the use of biogas for electricity. That is why it is important that the Government synchronise the timetables for the introduction of this renewables-intensive programme, and that we set in the cross-party amendments the same sort of time frame that we wanted to see in place for the introduction of feed-in tariffs for electricity. Let me give some examples as to how that makes sense.

First, if a hospital, as in my own city, is considering investing in the construction of a biodigester that would take hospital waste, including food waste, and some of the biodigestible waste from other parts of the city, it will want to use that waste to create biogas, to increase its quality to biomethane and to use it to provide direct heating. In parts of the summer, when it might not require heating to the same extent, the obvious answer is to turn the excess heat into electricity. So there is an overlapping purpose: connection to the renewable energy agenda makes sense for the renewable heat agenda.

The same applies to off-grid communities and the fuel poor. I brought representatives of one of the German companies across to explain that to officials in my own city. Some of the officials in Nottingham struggled to grasp the scale of what was on offer. The Germans were able to say that, in respect of fuel poor, they could offer fixed gas prices for the entire contract period for the disposal of the biodigestible waste. In an era of ever-spiralling gas prices in the international gas market, everyone who can offer, in real terms, fixed gas prices by taking what is currently a problem—biodigestible waste—and turning it into a fixed-price resource is almost offering a winning lottery ticket. Against the criteria of how we address the needs of the fuel poor and those of off-grid communities, such schemes in many respects offer a potential that is at least as large as the capacity to generate renewable electricity and place it in the context of renewable gas and heat. The point of amendment (a) is simply to say that, if we seek to remove confusion, it would be phenomenally helpful if the schemes for both could be synchronised.

I do not want to be dogmatic given that, if I were to turn the argument around slightly, it would be disastrous to hold back one scheme just because the final details were not in place for the second. However, it is still legitimate for us to say that, as we think about the time scales for electricity, it makes sense for us to try to synchronise them with the time scales for the introduction of renewable heat incentives. In many cases, the same companies, communities and localities will be at the heart of that investment planning. So if we are to offer a genuinely joined-up approach to our renewables strategy, it would be helpful to have the same sort of time scale according to which we seek to deliver them.

I do not want to go into the arguments that we have rehearsed in relation to the details of the scheme and the tariffs that would apply, but the principle of synchronising timetables is one that, I hope, we can commit ourselves to, and I hope that the Minister, even if he cannot accept amendment (a), can give assurances that that is the Government's intention as they seek to motor on both of those important fronts.

Charles Hendry: I associate myself very much with the remarks that we have just heard from the hon. Member for Nottingham, South (Alan Simpson). We welcome greatly the distance that the Government have already travelled on this issue. In Committee, we were told that this was a step too far, and there was a sense that we would fail to include any aspect of heat in the Bill. It shows how far the Government have moved that we are considering in more detail today a proposal that was put into the Bill in the other place.

There is no doubt that the issue has been overlooked for too long. About half the energy consumed in the United Kingdom is in the form of heat, and its generation is responsible for about 47 per cent. of our carbon emissions, so it must be a crucial part of the Government's carbon abatement programme. But all too often, it has been easy to overlook the importance of heat, because many different households are involved, it is complicated and the solutions have been less easy to consider than in other parts of energy policy. However, we are glad that the Government have sought to address the issue and have made progress on it.

7.15 pm

I very much endorse what has been said about the need for a clearer time scale. The concern is that we are moving in the right direction, but we do not know at what speed or when we might arrive at the conclusion that we want to reach. It is also right that there should be no threshold and that we should be thinking big and have big visions about what can be achieved. Clearly, any such threshold would have been regrettable.

Just a couple of weeks ago, I visited a plant just outside my constituency that is operated by Southern Water and that takes all the waste from Burgess Hill and puts it through a very advanced, sophisticated system—the waste is put into a digester; the biogas that comes off is collected in a huge balloon and is used to power the generator; and the heat from the generator goes back to the digester and is used to assist the digestion process. It is very neat process. The only thing that is missed is the extra heat that is emitted as part of firing the boilers, which means that, as a result, some heat escapes into the atmosphere. The final link would be to capture that heat and supply it to businesses or homes that need extra heat.

Lots of individual parts of the solution are being thought about, but what is sometimes missing is the element of joined-up thinking that draws them all together and makes it all happen in the manner that we want. I hope that the Government can give us some more detail, particularly on the time scale, because if investors and consumers want to get involved, they need greater clarity.

There is also concern that the Lords amendment does not indicate the nature of the tariff and whether it can be varied according to technology types and energy sources. The Renewable Energy Association is concerned that the Lords amendment excludes biodiesel, as it refers to biogas and biomass. There is concern that it could be extremely problematic to have a definition of biomass in primary legislation for the first time that is possibly inconsistent with existing support mechanisms. The Renewable Energy Association suggests that the safest approach would be to use the definition of biomass found in the current renewables directive and the draft 2008 version.

Biomethane is defined as gases produced by renewable sources, but it is possible to produce methane from biomass, and it looks as though that process may have been inadvertently left out.

We generally welcome the fact that the Government have decided to accept the recommendation that heat should be addressed in the Bill, but there is an element of disappointment that things have been left so vague, especially with regard to the timing.

Steve Webb: I welcome the inclusion in the Bill of the renewable heat incentive and support amendment (a), which, again, tries to set a timetable. I will not repeat all the points that were made on the timetabling of the feed-in tariff, but they apply in precisely the same way.

The Minister may well say that this is a much more embryonic thing and that it has been subject to less thought, less discussion and so on. I understand that point, but an explanation would be helpful to those in the outside world who watch these debates—I imagine that someone does—and who might like to know the direction of the Government's thinking. I certainly realise that I am very hazy about what the renewable heat incentive might look like. I was trying to probe that a bit in the debate on the ways and means resolution. If I install some sort of renewable heat project, I can expect some sort of financial return. I am slightly hazy about what and how much it might be and so on.

[Steve Webb]

My understanding of the Government's thinking from the ways and means resolution is that the scheme will probably be funded by a levy on the energy companies and fossil fuel generators. Essentially, Ofgem would introduce a levy and take money from the generators. That money would presumably go to the Treasury and become a Government grant to renewable heat producers. If the Department already knows that that is roughly the model that it is considering, it would help those in the world outside who might be thinking of going into such things to understand what sort of support they might get, just in very broad terms. I understand that the Minister does not yet know the detail.

Again, on timing, as the hon. Member for Wealden (Charles Hendry) says, we are talking about something that is a huge part of our overall energy mix and that could be a big part of our renewable energy targets by 2020. According to figures from the National Grid Company which I am sure the Minister has seen, in what might be described as a "stretch scenario", an amount approaching 10 per cent. of our 15 per cent. target for 2020 could come from renewable heat, gas on the grid and the like. The scope for that seems enormous.

Given that, as the Minister said, 2020 is only a little over 11 years away, it is worrying that Lord Hunt was so vague about how long all this would take. It would be very worrying if there were any unnecessary delay. I hope that the measure can be introduced at the earliest possible opportunity, but failing that, I hope that the Minister will paint even the most broad-brush picture showing what a scheme of this kind would look like.

Mr. Weir: This is a strange moment for me. I warmly welcome the amendment, not least because on the one occasion when I managed to get near the top of the ballot for private Members' Bills, I introduced a Bill providing for a renewable heat obligation. That Bill, which was drawn up by Friends of the Earth, was talked out. I also sponsored a Bill promoted by the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) providing for a renewable heat obligation. As I recall, that obligation was dropped from the Bill because of staunch opposition from the Government. I am delighted that times have changed, and that the renewable heat obligation is now becoming part of the Energy Bill.

I agree wholeheartedly with the hon. Member for Nottingham, South (Alan Simpson). The amendment shows how much the debate has moved forward in the last few years. I appreciate that the scheme is at an embryonic state, but if it can be made to work, it has the potential to contribute a great deal to our fight against carbon emissions and many other problems, not least fuel poverty. I welcome the Government's change of heart, although it has been some years coming.

Mr. O'Brien: As the House knows, an amendment that we tabled in the other place enables the Secretary of State to establish a scheme allowing us to create incentives for renewable heat.

If we are to meet the 2020 EU target on renewable energy, substantial amounts of renewable heat will be required, as well as an expansion of renewable electricity and transport fuels. We estimate that, to meet the United Kingdom's renewable energy target of 15 per cent. by 2020, we will need to obtain not 10 per cent. of heat from renewable sources—as I believe was suggested by the hon. Member for Northavon (Steve Webb)—but about 14 per cent.

At present, the renewable heat sector is very small. The Government accept that financial support is necessary for investment in renewable heat, and creating the right financial incentive will be important in helping us to meet our 2020 renewables targets. The powers in the amendment will allow the Secretary of State to establish a financial support system for the renewable heat incentive.

The purpose of amendment (a) is to get the Government to specify a time scale. I understand why information should be required—the hon. Member for Wealden (Charles Hendry) rightly said that people would need it so that they could take a view—but because heat, including renewable heat, is a new and potentially complex area of policy, it will take some time to make the necessary arrangements. A new Department with a new agenda has made a series of changes to the Bill at quite a late stage, and, understandably, a good deal of work on the details of the policy remains to be done.

To an extent, we have a picture of what we want to do. We want to enable those who generate heat to be paid from a levy to be imposed on those who supply fossil fuel for the purpose. The funds created by the levy will be used to support the production of renewable heat. That formulation, however, does not take us far enough. We could do this through the Treasury, through something more like the renewables obligation or through a direct mechanism like a feed-in tariff, which I think would be preferable. We need to think about the details, and discuss them not only with the industry but with all the potential beneficiaries.

Stakeholders have recognised the complexities involved in developing new policies in a sector in which there are much more players and issues to consider than there are in the electricity sector. It will take time to work out the implications of a move to the heat market, and how best to provide incentives for renewables. As was pointed out by both my hon. Friend the Member for Nottingham, South (Alan Simpson) and the hon. Member for Wealden, people want to know about the timetable. We plan to introduce the renewable heat incentive as soon as possible, and hope to be able to set out a robust timetable in the new year. However, a good deal more policy work will be necessary before we can do so with much precision.

Can we do this at the same time as introducing the new feed-in tariffs? Clearly the two schemes will have to work side by side, and clearly it will be important to provide a single interface for generators who will want to benefit from both schemes. Heat is a complex issue, and considerable time will be required for the development of the strategy. However, we must find a way of providing the two financial incentives together, so that people can benefit from both.

Martin Horwood: Will the Minister give way?

Mr. O'Brien: I am very conscious of the time, but I will give way briefly.

Martin Horwood: The Minister accepted earlier that it might be necessary to accelerate rules on smart meters in relation to new build. Ground source heat pumps are obviously a viable technology for new build. Would he be interested in a variation of the heat incentive, perhaps on an accelerated time scale, which might encourage the use of ground source heat pumps in such buildings?

Mr. O'Brien: I am tempted by that suggestion, but I would want to be a little cautious about it. The hon. Gentleman talks of creating a financial incentive just for new build, but we cannot create a separate incentive. If we are not ready to create the broader, main incentive, we will not want to rush into that, although the hon. Gentleman is right to suggest that it would probably be easiest to introduce an incentive relating to new build first.

We will produce a robust timetable as soon as we can—by the new year, I hope—and we will then be in a position to give a clear indication of when the scheme will be introduced. It is more difficult and complex than feed-in tariffs. I wish I could assure my hon. Friend the Member for Nottingham, South that we will be able to introduce it all at the same time in 16 months, but I cannot do that. He will have to accept that the new Department and the Government have come a long way. We have tried to produce the Bill in an open and straightforward manner, and to show that a clear direction of policy is developing in regard to renewables and energy in general. I hope that on that basis, despite my acknowledgement of the lack of a precise timetable, my hon. Friend will support the Government rather than pressing his amendment.

Alan Simpson: I welcome the Minister's declaration of his intention to come back with an outline of a scheme in the early part of the new year. I accept the good will and good faith of his commitments, and I simply ask him to bear in mind two time deadlines.

7.30 pm

Simply because this issue is new for his Department does not mean that it is new per se. Germany has already committed that by 2020 it will have developed such matters to a point where it will be economically non-dependent on Russian gas. In our own context, by 2010 when the European Union waste directive is applied to local authorities, many will face huge increases in charges for disposal of biodegradable waste, and I should think they will be looking for the sort of initiative that is to be found on the continent as a way to address such problems. If the Minister can grasp this opportunity and harness it to his enthusiasm, the House will be well served.

On the basis of the assurances, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Lords amendment No. 65 agreed to [Special Entry].

Lords amendments Nos. 66 to 105 agreed to [one with Special Entry].

CLIMATE CHANGE BILL [*LORDS*] (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions),

That the following provisions shall apply to the Climate Change Bill [Lords] for the purpose of supplementing the Order of 9th June 2008 (Climate Change Bill [Lords] (Programme)):

Consideration of Lords Message

1. Any Message from the Lords may be considered forthwith without any Question being put.

2. Proceedings on that Message shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement at this day's sitting.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question being put.

4. Proceedings on any further Message shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Watts.]*

Question agreed to.

Climate Change Bill [*Lords*]

Lords message considered.

Mr. Deputy Speaker (Sir Michael Lord): I must inform the House that a message has been brought from the Lords as follows. The Lords agree without amendment to certain of the amendments made by the Commons to the Climate Change Bill; they agree to a Commons amendment with an amendment to which they desire the agreement of the Commons; they agree to a Commons amendment with amendments in lieu of the words so left out of the Bill, to which they desire the agreement of the Commons; and they disagree to certain other amendments made by the Commons but propose amendments in lieu thereof to which they desire the agreement of the Commons.

Copies of the Lords amendments are available in the Vote Office. I must draw the attention of the House to the fact that Lords amendment No. 48A involves privilege. If the House agrees to that amendment, I shall ensure that the appropriate entry is made in the *Journal*. The Government proposals are being debated in four groups.

Clause 11

MATTERS TO BE TAKEN INTO ACCOUNT IN CONNECTION WITH CARBON BUDGETS

Lords amendments: 7A and 7B

7.33 pm

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): I beg to move,

> That this House does not insist on its amendment No.7 and agrees with Lords amendments Nos. 7A and 7B in lieu.

Lords amendments Nos. 7A and 7B in lieu deal with emissions from international aviation and international shipping. Throughout discussions on the issue in this House and in the other place, the Government's consistent position has been that it is vital to put in place strong mechanisms to deal with emissions from international aviation and international shipping, but that finding the right way of deciding on which of those emissions should be allocated as being the UK's responsibility is beyond our reach at the moment. These amendments reflect the view—as expressed by the Chairman of the shadow Committee on Climate Change, Lord Turner of Ecchinswell, in his letter to the Secretary of State—that although the right methodology does not yet exist for including these emissions in the carbon budgets, decisions made by the Committee or the Government in relation to the budgets must take into account projected emissions from international aviation and shipping. On Report in the Commons, the Government accepted an amendment that reflected the Committee's view, but on the basis that we would need to ask parliamentary counsel to advise on the drafting. We propose amendments Nos. 7A and 7B to fulfil this commitment.

Amendment No. 7A would require that both the Government and the Committee take account of projected emissions from international aviation and international shipping in setting, and advising on, carbon budgets, respectively. Amendment No. 7B defines what we have in mind, and also provides that the projections may be estimated using such reasonable methods as the Secretary of State or the Committee considers appropriate.

Charles Hendry (Wealden) (Con): As my party colleagues in the Lords made clear and as my hon. Friend the Member for Bexhill and Battle (Gregory Barker) told the House on Report, we welcome the inclusion of aviation and shipping emissions in the Bill. We recognise the existing difficulties in methodology, emission accounting and international law that still trouble these sectors, but we also recognise that the difficulties are surmountable, and that simply ignoring them was never going to be a solution. We welcome the amendments that their lordships made yesterday evening to Commons amendment No. 7 and consider these changes to be a necessary tidying of the Bill as well as a positive endorsement of issues agreed to and voted on in this House on Report.

Question put and agreed to.

Clause 25

UK DOMESTIC EFFORT

Lords amendments: 17A and 17B

Joan Ruddock: I beg to move,

> That this House agrees with Lords amendments 17A and 17B in lieu of the words left out of the Bill by its amendment No. 17.

These amendments deal with domestic effort and use of overseas credits. This has been a key theme in our debates on this Bill. The Government absolutely agree with the importance of driving emissions reductions in the UK, and we have designed the Bill to provide a clear framework for action. It will ensure greater clarity for industry and households about our path towards a low-carbon economy, at the same time as sending a clear signal to our international partners about our commitment to tackling climate change.

The amendments on this issue, which I bring before the House today, further strengthen the Bill in this key area. Amendment No. 17A would require the Secretary of State to set in secondary legislation a binding limit on the use of carbon units for each budgetary period, taking into account the views of the Committee on Climate Change on the appropriate balance between domestic and overseas effort. This limit would also have to be set in the context of the requirement, which we introduced in Committee in the Commons, for the Secretary of State to have regard to the need for UK domestic action on climate change in considering how to meet the 2050 target or any carbon budget. In proposing a limit, the Secretary of State would also have to consider each of the matters in clause 11, which must be taken into account in coming to

> "any decision…relating to carbon budgets".

With the exception of the first budgetary period, where the limit is to be set at the same time as the level of the budget, amendment No. 17A would require that the limit be set 18 months before the start of the budgetary period in question. This would ensure an appropriate limit could be set once the level of the budget was known, and the wider policy context, including the international situation, was clear.

Amendment No. 17A would also provide the important flexibility that particular units may be excluded from counting towards the limit. This would allow, for example, the exclusion of carbon units arising as a result of UK companies' participation in the EU emissions trading scheme from counting towards the limit. A limit on credits that affected the EU ETS sector by including emissions allowances sourced from participants in the scheme elsewhere in the EU would conflict with the UK's commitment to this key policy measure. This approach could also undermine the economic efficiency of the trading scheme by placing further requirements on UK-based participants that were not imposed elsewhere in the EU. Such a limit would also cause a real likelihood that we will find ourselves with inconsistencies or a lack of transparency, which would go against everything we are trying to do in this Bill. We need the flexibility to apply a limit that supports the certainty and transparency that we have tried to provide to businesses.

We propose that regulations under the new clause would be subject to the affirmative resolution procedure. That would mean that the Government's approach on the limit proposed, and the reasons for the exclusion of any types of carbon unit, would be fully debated in both Houses of Parliament at least once every five years.

Amendment No. 17B would supplement amendment No. 17A by specifying in clause 27 that any carbon units in excess of the set limit may not be counted towards the net UK carbon account. The amendment effectively puts in place the binding nature of the limit for the purposes of carbon accounting under the Bill.

Charles Hendry: We welcome the amendments with great pleasure. Their inclusion is a considerable asset to the Bill, and we hope that they will go some way to removing the remaining Achilles heel of the Bill: the fact that there was nothing to prevent 100 per cent. of our carbon reductions from being made on the international carbon markets, without the attendant economic benefits accruing to the United Kingdom. We are pleased that the Government have agreed that there will be a limit on the carbon units that can be purchased from abroad and that, in doing so, they will take into account the advice of the independent Climate Change Committee. We thought it quite appropriate that the Committee should be used in that way, and we are pleased that the Government have accepted that.

We have long argued that the Bill represents a crucial opportunity for the United Kingdom to lead the world not only in legislation but in a jump to a low-carbon economy, with all the benefits that that will bring. It is clear that United Kingdom leadership is helping to influence others. Today, President-elect Barack Obama said at a climate summit being hosted by Governor Schwarzenegger in California:

> "My presidency will mark a new chapter in America's leadership on climate change that will strengthen our security and create millions of new jobs in the process."

He continued:

> "We will establish strong annual targets that set us on a course to reduce emissions to their 1990 levels by 2020 and reduce them an additional 80 per cent. by 2050."

There should be great pride in this country that the new President of the United States is following a lead that has been taken here.

The amendment makes our domestic ambition clearer and acts as an important boost to those seeking greater investment certainty in the United Kingdom's green technology market. The facts and figures on the opportunities of the new energy economy will not be lost on Members. Globally the overall value added to the low-carbon energy sector could be as high as $3 trillion a year worldwide by 2050, and the green economy could employ more than 25 million people in jobs by that time. President-elect Obama says that he wants 5 million jobs in that sector in the United States. The question before us is how much of that new economy will be based in the UK. The lack of clarity that surrounded carbon trading in the Bill jeopardised Britain's opportunity to maximise its potential in that regard. The amendments are certainly not the answer to all our problems, nor will they herald a new economic age on their own, but they will give greater clarity and market certainty, and for that reason, we welcome their inclusion in the Bill.

Steve Webb (Northavon) (LD): Amendments Nos. 17A and 17B represent a small step in the right direction on the issue of domestic effort, but remain vague. Their lordships thought that at least 70 per cent. of the savings needed to be made domestically. Their Bill came to this House, and the Government got rid of that provision in Committee. The Bill went back to the other place, and they said, "All right, we won't do that, but there will at least be some sort of cap." I suppose that having some sort of cap is better than having none, but there is no indication in the amendments of what cap we are talking about—whether it is 50, 60 or 70 per cent.

We await the advice of the Committee on Climate Change, and as that is due in a few weeks I recognise that there is some advantage in flexibility. I want to stress, however, that this is not purely a technocratic issue—I am glad to see that the Secretary of State is in his place—where we just buy from the cheapest place, and assume that if we buy abroad or at home it does not much matter because a tonne of carbon is a tonne of carbon. National leadership is fundamentally important, and I am worried that his Department has started to say something profoundly concerning. When questions are asked about what Governments might do that would lead to emissions, such as airport expansion, coal-fired power plants or whatever, the answer from Ministers is that it does not matter because there is an overall cap. Heathrow expansion does not matter because aviation is in the emissions trading scheme—

The Secretary of State for Energy and Climate Change (Edward Miliband) *indicated dissent.*

Steve Webb: The Secretary of State is shaking his head, but Ministers have said from the Dispatch Box that these things do not matter any more because there is an overall cap. It would be horrific if Britain were to send a signal to the world, through its decisions about airport expansion, coal-fired power stations or whatever, that we were doing such things while somehow expecting others not to do them and that it did not matter because of a cap. The relevance of that to amendments Nos. 17A and 17B is that if we simply think that we can emit like crazy, but buy it in, we are undermining not just the moral leadership to which the hon. Member for Wealden (Charles Hendry) referred, but practical leadership. We cannot expect other people to cut emissions if we are not willing to do so ourselves.

7.45 pm

David Howarth (Cambridge) (LD): Is there not another important point? As the hon. Member for Wealden (Charles Hendry) said, the important thing is to create

[David Howarth]

a new economy, and the question is: where in the world are we likely to get technical change of the sort that we need? Is it here in the developed world, or in the developing world? Surely the Government are not proposing a plausible strategy.

Steve Webb: My hon. Friend is sitting behind me, but I guess he cannot read my handwriting from there. My second point was precisely that—I had written, "overseas credits bring 'wrong' technology". From a developmental point of view, there is a place for assisting developing countries to deal with carbon emissions in order to prevent them from going down a path of dirty technology. It is far better, however, to save carbon emissions at home. We can then put money into technology that will work in the developed world where the big emissions problem is. There is a strong case not to say that a tonne of carbon saved is a tonne of carbon saved and it does not matter where. If we save it at home we are spending money on technology that works in the rich world, which can be exported. That is good for the green economy, and helps the world to tackle its carbon emissions.

Colin Challen (Morley and Rothwell) (Lab): I wonder whether the hon. Gentleman's remarks should be addressed in some way—perhaps they are—to the Climate Change Committee, which will be protective of its independence. If it is to do its job seriously, he should not worry too much. Perhaps we will know the answer to the questions posed on 1 December. I ask him whether this debate is the right place to over-egg the pudding, or does he not have confidence in the Climate Change Committee?

Steve Webb: I have a good deal of confidence in the Climate Change Committee, but that Committee does not make the decisions—the Government do. The question lies with that final link in the chain. I make no apologies for egging—not over-egging—this pudding because we need the Government to take the conclusions of the Climate Change Committee seriously. I hope that they will have listened to the arguments that we, and others, are making, and will come up with something tough on the need for domestic effort. Ministers have started to say that we can do all sorts of things because we live in an emissions-trading world and it does not matter. That is profoundly worrying. The Climate Change Committee may well be sound, as the hon. Member for Morley and Rothwell (Colin Challen) suggests, but Ministers are a little unsound on these matters, which is why I stress my point.

Amendments Nos. 17A and 17B offer marginal reassurance. I hope that when the Committee reports, the Government will take it seriously, as the hon. Gentleman suggests. I hope that the Secretary of State will ensure that Ministers do not ever say that something damaging to the environment does not matter because we can trade it away. It does matter. That is how Government are starting to talk, and I believe that it has to stop.

Joan Ruddock: I shall address the comments of the hon. Member for Northavon (Steve Webb) first. As he knows from many debates that we have had, it is our strong view that setting a binding limit in the Bill would send the wrong signal to our international partners about our support for a global trading market. The ultimate goal is to have a truly global carbon market, and that is particularly important given the ongoing negotiations on a comprehensive global long-term framework for action, which we hope will be agreed in Copenhagen in December next year.

The hon. Gentleman also needs to reflect on the Stern review, which showed that international emissions trading under binding caps plays a vital role in the global response to climate change. Lord Stern reaffirmed that during debates on the Bill earlier this year. He stated:

> "Carbon trading has a very powerful role not only through cost but in that much broader and deeper context of putting a global deal together."—[*Official Report, House of Lords*, 11 March 2008; Vol. 699, c. 1416.]

We are, and have been, determined not to set a limit in the Bill and not to undermine the European Union emissions trading scheme. No limit is specified in the Bill, but we are making provision for setting limits in secondary legislation. *[Interruption.]* The hon. Gentleman referred to the Lords amendments that had placed the 70:30 split in the Bill. I am merely reiterating the points that we have made earlier, and the reasons why we are not prepared to include that in the Bill.

The hon. Gentleman said that some Ministers were beginning to talk as though it did not matter what decisions were taken, but I must point out to him that all decisions matter. Throughout government, we have a commitment to work to ensure that sustainable development and climate change are considerations in all the decisions that we take. We have made it clear that our decisions, whether on the security of supply, which is incredibly important in terms of energy, or on issues such as the expansion of Heathrow, will have to take account of environmental conditions and environmental limits. That is the basis on which decisions will be taken.

Sometimes the hon. Gentleman speaks as though he expects our economy just to stop in some way because of our commitment to reductions in CO_2 emissions. There will have to be growth in certain sectors, but what matters is how it is undertaken. The Government have made it clear that we are on track to move to a low-carbon economy. We know that doing so is in our interests, as is saving energy and being more energy-secure. He need only look at our renewables strategy to know that we have made a commitment, that we expect to produce many more green jobs as a consequence, and that that is clearly in this country's interest. For that reason, we can give assurances that a huge domestic effort will be made; indeed, we have a raft of policies in place to make that domestic effort.

David Howarth: Is not the central point that creating a green economy requires enormous technical advance, and that it is the incentives the system sets up for that technical advance—not for the adoption of existing technologies but for new technologies—that really matter? That is why a domestic effort limit is so important.

Joan Ruddock: I agree with what the hon. Gentleman says; there is no dispute between us. As I have just tried to say, we have made a commitment and we want to see a great change take place in this country. Many of us have argued for many years that environmental technologies—new technologies—can deliver huge benefits to our society while delivering new jobs and new skills.

Colin Challen: Does my hon. Friend agree that our concern is perhaps not so much with the level of the cap—I would prefer a high one—but about the quality of the credits that can be bought? There has been great debate about the quality of the clean development mechanism—CDM—credits that have been traded so far. Although I am very much in favour of a higher cap, I think that it is the job of an independent climate change committee to inform government about what it thinks is the quality of the credits that are available. There is no point saying that we will have a cap, and then spending 20 or 30 per cent. of the UK carbon account on useless credits.

Joan Ruddock: I thank my hon. Friend for this contribution; I could not agree with him more, because this matter is tremendously important. Much criticism of the CDM has been made, some of which is entirely justified, but the Government have worked very hard to ensure that improvements are made. We believe that the mechanism is basically sound, but, as he said, this is about the quality of the projects. Some projects have been cheap and large, which was perhaps understandable in the early days but it was very controversial in the example of the HCFC-22 programme, which has now been halted. He rightly says that we need to be concerned about the quality, but there is no conflict on this matter. A big domestic effort will be made, as I have said, but we also see the value in being able to help, through the credits system, developing countries. Of course, they have a great need to deal with their own advances and growth, and they need to bring their population out of poverty at the same time as curbing the growth in their emissions.

I am grateful to the hon. Member for Wealden (Charles Hendry) for the support that he has given at this final stage of the Bill, and, indeed, at many prior stages. What is so important about this Bill is its all-party support. When I was speaking recently to US staffers—a number of people from both Houses who have been very active on energy and climate change—I was able to surprise them greatly by telling them that there was all-party consensus in this country on this issue. They obviously regarded that as an important triumph for our state. We have been bringing everyone else on board.

The hon. Gentleman mentioned President-elect Obama. Of course, we have great hopes that his election will result in the sea change in US policy on climate change for which we have all been waiting for so long, and that it will make such a huge difference to the proceedings at Copenhagen. We are happy to accept the hon. Gentleman's congratulations to the Government on the UK's leadership—*[Interruption.]* I should have said the congratulations of all. He also invites us to take pride in this country. We can all take pride in this country and this particular achievement, and I thank him for his comments.

Question put and agreed to.

Resolved,

That this House agrees with Lords amendments 17A and 17B in lieu of the words left out of the Bill by its amendment No. 17.

After Clause 73

Lords amendment: No. 43A.

Joan Ruddock: I beg to move,

That this House agrees with Lords amendment No. 43A to its Amendment No. 43.

Lords amendment 43A to Commons amendment No. 43 was tabled by my noble Friend Lord Hunt of Kings Heath in the other place in response to a recommendation from the Delegated Powers and Regulatory Reform Committee of that House. The Government were happy to accept the Committee's advice, and the result is this amendment, which will ensure that any future regulations concerning the levels at which variable and non-compliance penalties are set will be subject to the affirmative resolution procedure, rather than the negative one.

Question put and agreed to.

After Clause 77

Lords amendment: No. 48A.

Joan Ruddock: I beg to move,

That the House does not insist on its amendment No. 48 and agrees with Lords amendment No. 48A in lieu thereof, the Commons being willing to waive its privileges in respect of the Lords Amendment.

Lords amendment No. 48A is a redrafted version of amendment No. 48, which was tabled by my hon. Friend the Member for Gower (Mr. Caton). I accepted this amendment on Report on the basis that technical aspects of the amendment may need further consideration and the benefit of parliamentary counsel's advice.

Lords amendment No. 48A would require the Treasury, which would act through the Office of Government Commerce, to produce an annual report on progress made towards improving the efficiency and sustainability of the Government estate. The report will specifically cover the steps taken to reduce the size of the civil estate, to achieve further efficiencies from the Government's existing buildings, to improve the sustainability of those buildings and to ensure new buildings procured are in the top quartile of energy performance.

It is absolutely right that the Government should lead by example. We must put our house in order if we expect others to take the necessary action to tackle climate change. That is why we have committed to take action that builds on the other commitments that we have made on improved sustainability. For example, Government Departments will be included in the carbon reduction commitment, which will incentivise the introduction of energy efficiency measures and the occupation of more energy-efficient office space. Departments are also subject to the targets for sustainable operations on the Government estate, which are reported through the chief executive of the Office of Government Commerce and the Cabinet Secretary.

8 pm

To show our commitment to delivering further efficiency in the public sector, the Chancellor announced in the 2008 Budget our goal for all non-domestic buildings to be zero-carbon by 2019, and that move will be led by the public sector, which will achieve the goal one year earlier, by 2018. We have therefore put in place robust mechanisms that provide a strong role for the Office of Government Commerce as the Government office that leads on improving the efficiency and sustainability of the Government estate and operations.

Lords amendment No. 48A extends those mechanisms by requiring the Treasury to produce an annual report. As Members are aware, the amendment follows a private Member's Bill introduced by my hon. Friend the Member for South Swindon (Anne Snelgrove), which would have required central Government Departments to procure office buildings only if they were in the top quartile of energy performance. The procurement of new energy-efficient buildings is just one element of the strategy to reduce energy consumption on the Government estate, but we are fully committed to procuring buildings in the upper quartile of energy performance. The report will allow us to define the top quartile and to monitor the commitment through the introduction of energy performance certificates and display energy certificates.

Mr. Michael Jack (Fylde) (Con): Will the Minister clarify what she just said? Does the measure apply to the procurement of refurbished buildings as opposed to new ones?

Joan Ruddock: I shall check—but I understand that we have been through that a number of times, and that we have said that the measure will apply to new buildings that are required. I shall make absolutely sure that I am correct to say that, but my understanding is that the measure will apply to the acquisition of new buildings.

Mr. David Drew (Stroud) (Lab/Co-op): Will the Minister also clarify whether the measure will include outsourced buildings? They are clearly run for the state, but by private companies. Will there be some pressure on those private companies, too, to have a zero-carbon approach?

Joan Ruddock: My hon. Friend is obviously referring to existing buildings. I do not expect that we would in any way seek to deal retrospectively with such cases. That does not mean that we not very committed and anxious to do what we can to improve energy efficiency throughout the Government estate. Right hon. and hon. Members will appreciate that Governments have acquired over a long history a great many buildings that are probably the least efficient that we could find. There is a huge historical backlog when it comes to solving the problem—*[Interruption.]* Hon. Members are looking at the roof—and we all understand how difficult it is to be energy-efficient in such buildings.

We all need to be clear that the question of how to make such improvements is a major issue for any Government. We seek to make those improvements, and, of course, one of the easiest times to do that is when we attempt to procure a new building. At that point we would have real choices, although of course we would be keen to do what we could elsewhere.

Lords amendment No. 48A makes drafting changes to improve the clarity of the new clause. We have clarified the definition of "building" to ensure that it captures those buildings where energy performance is a relevant consideration, as well as defining the civil estate. No one has risen to intervene on that point, but it is strange to try to imagine a building where energy performance is not a relevant consideration. I have checked, and I find that that such a building would include tool sheds, snowplough sheds and a lot of places where the Department for Transport, in particular, houses all manner of vehicles. Those buildings are clearly unheated and are not cooled. They are the exceptions to the rule.

In order to allow the provision to be kept relevant and up-to-date, we have also provided an order-making power so that descriptions of buildings covered by the report can be changed over time. Any order would be subject to debate in both Houses.

Charles Hendry: I can already see Members lining up when the next private Members' Bills are announced to introduce one to extend these powers to cover the Government's snowplough sheds. I thank the Minister for her courteous and generous remarks. Credit should go to my hon. Friend the Member for Bexhill and Battle (Gregory Barker), who saw the Bill through Committee and beyond, and to my noble Friend Lord Taylor, whose spirit and approach in the other place were very similar to those of my hon. Friend.

It gives me particular pleasure to support the amendment, which, as the Minister has said, will legislate to ensure, among other goals, that new buildings brought into the civil estate are in the upper quartile of energy performance. At a time of record high energy prices, and given the impact that those prices have on poor families and small businesses, the importance of the Government leading the drive towards energy efficiency cannot be understated.

As the Minister said, the amendment started life as a private Member's Bill promoted by the hon. Member for South Swindon (Anne Snelgrove). We gave our full support to that Bill. We have long argued that energy efficiency improvements are one of the keys to a reduction in short-term domestic emissions, as well as having a positive carbon abatement cost that will create new jobs and generate new wealth for our economy.

I want to take the opportunity to ask the Government to reflect on their record of energy efficiency to date across the civil estate. I think that they will agree that the statistics are not very encouraging. The Sustainable Development Commission's report found that nearly two thirds of Government Departments are not on track to meet their carbon emissions reduction targets. In fact, if the Ministry of Defence—which has achieved its own reductions, by selling off QinetiQ in particular—is discounted, all the public estate performance improvements are negated. Carbon emissions from the civil service estate offices have increased by 22 per cent. since 2006 and energy efficiency has worsened by 3.3 per cent. since 2006. In response to the report, the SDC chairman Jonathon Porritt, said:

> "I find all this so depressing that I now hate having to comment on it. In fact, this year, I opted out of all media work around our report."

Mindful of those sobering facts and of the mountain that the Government have left for us all to climb to meet our ambitions, I am happy to see the amendment included in the Bill.

Joan Ruddock: I thank the hon. Gentleman for his kind words. We have to accept the criticisms that have been made of us in the past by the chairman of the Sustainable Development Commission. I would hate ever to be the cause of depression for that fine gentleman, but we have put in place a number of new measures and have tied permanent secretaries to responsibility for that particular subject. The Office of Government Commerce is considering the introduction of national property controls, which will require Government organisations to develop business case justifications that address sustainability as well as efficient and effective building performance in respect of all new building acquisitions or leases. Such controls have already been shown to work successfully in London and the south-east.

I remind the hon. Gentleman of the carbon reduction commitment, which will also have an impact by covering Government buildings. Although there was undoubtedly justification for past criticisms, we want to improve things and to get them on track. We are committed to doing that. Everything about the Bill says that the Government are seriously committed to making the most significant CO_2 emissions reductions now and into the future to help achieve that final target of an 80 per cent. reduction by 2050.

I believe that this is a groundbreaking Bill of historic significance. I very much want to acknowledge the support of other parties in this House, and of my many hon. and right hon. Friends who have helped us along the way. Indeed, they have pushed us to amend the Bill at many points, and it has undoubtedly become even better as a result.

Question put and agreed to.

Resolved,

That this House does not insist on its Amendment No. 48 and agrees with Lords Amendment No. 48A in lieu thereof, the Commons being willing to waive its privileges in respect of the Lords Amendment.—[*Joan Ruddock.*]

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): We now come to motions 5, 6, 7 and 8, which I propose to put together.

Motion made, and Question out forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

LOCAL LOANS

That the draft Local Loans (Increase of Limit) Order 2008, which was laid before this House on 15th October, be approved.

INTERNATIONAL IMMUNITIES AND PRIVILEGE

That the draft International Organization for Migration (Immunities and Privileges) Order 2008, which was laid before this House on 23rd October, be approved.

EUROPEAN COMMUNITIES

That the draft European Communities (Definition of Treaties) (2006 International Tropical Timber Agreement) Order 2008, which was laid before this House on 23rd October, be approved.

CIVIL CONTINGENCIES

That the draft Civil Contingencies Act 2004 (Amendment of List of Responders) Order 2008, which was laid before this House on 29th October, be approved.—[*Mr. Watts.*]

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Committees),

That this House takes note of Commission documents 13829/07 and Addenda 1 to 3 (Communicating Europe in Partnership) and 8163/08 (Debate Europe); recognises the importance of communicating effectively with European citizens; and welcomes the measures taken to further improve the co-ordination of the European Union's work on communicating with the public.—[*Mr. Watts.*]

The House divided: Ayes 305, Noes 127.

Division No. 328] **[8.11 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Tom
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael
(Worcester)
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia

Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ms Diana R. Johnson and
Mr. Dave Watts

NOES

Afriyie, Adam
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Cox, Mr. Geoffrey
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gray, Mr. James
Greening, Justine
Greenway, Mr. John
Hague, rh Mr. William
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Howell, John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John

Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, David
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Swayne, Mr. Desmond
Syms, Mr. Robert
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Young, rh Sir George

Tellers for the Noes:
James Duddridge and
Jeremy Wright

Question accordingly agreed to.

PETITION

Planning and Development (Essex)

8.24 pm

Bob Spink (Castle Point) (UKIP): The Government have a policy of not building on green belt, and some Essex councils have held meaningful consultations and then voted to protect their green belt. The petitioners feel that councillors in Castle Point are railroading through plans, in order to get a £200,000 pay-off from the Government. Apparently, councillors have their price, which is about the cost of a house. I sincerely urge the councillors to listen to the petitioners, to consult the public before they cast their vote, to forget the bribe, and to join the campaign to save our green belt, which I started two years ago, and which is backed by everyone except the developers and their friends. I thank and congratulate the many excellent people who signed the petition, which states:

> The Petition of David Head, residents of Daws Heath, Hadleigh, Thundersley and others,
>
> Declares that we object to the proposed housing estate planned for the green land bounded by Stadium Way, Rayleigh Road and Daws Heath Road; deplore that proper public consultation has not been undertaken; believe that our green belt is sacrosanct; it provides wildlife habitat, leisure opportunities, a green lung function and acts as a buffer between densely populated urban areas. The sheer size of the proposed development of up to 750 houses would be catastrophic and out of character with the area. Infrastructure, including roads, sewers, school places, dentists, youth facilities and much else are insufficient even without the additional houses. And we note that our neighbouring councillors, unlike Castle Point Councillors, have consulted their residents widely and have voted against green belt development; further note that the Government has stated green belt should not be built upon; therefore urge Castle Point Councillors to consult the public before they vote to destroy our environment and quality of life.
>
> The Petitioners therefore request that the House of Commons urges the Government firstly to change its policy on housing targets and secondly to urge Castle Point Borough Councillors to consult residents before voting on their plans and to reject building on the green belt in order to protect the quality of life of all residents.
>
> And the Petitioners remain, etc.

[P000290]

Secondary Breast Cancer

Motion made, and Question proposed, That this House do now adjourn.—*[Ms Diana R. Johnson.]*

8.26 pm

Mrs. Linda Riordan (Halifax) (Lab/Co-op): I am delighted to have secured this debate on such an important subject. There are an estimated 2 million people in the UK living with or beyond cancer. An estimated 550,000 of them have had a diagnosis of breast cancer. That includes people who have completed their treatment and are cancer-free, as well as those who are living with the active disease. A sizeable proportion of those 550,000 people could be living with secondary or metastatic breast cancer, which occurs when cancer spreads from the breast—the primary tumour site—to another part of the body, such as the liver or the bones. At that point, the disease does not become, say, liver cancer. It is, in fact, still breast cancer that has spread to the liver.

Once breast cancer has spread in that way, it cannot be cured, but innovative drug treatments have been developed that allow the cancer to be controlled and improve the quality of life for patients living with it, thereby making the cancer life-limiting. Yet at present it is impossible to know exactly how large the group of people living with such secondary cancer is, as incidence data are not routinely collected or widely available.

The Under-Secretary of State for Health, my hon. Friend the Member for Brentford and Isleworth (Ann Keen), knows that Breast Cancer Care established the secondary breast cancer taskforce in 2006 to improve the treatment, support and care of people living with secondary breast cancer in the UK. The taskforce was set up when Breast Cancer Care heard that that patient group felt neglected, in terms of the care and support that it received. Since then, there have been some steps in the right direction, and both Breast Cancer Care and I offer our congratulations on that. However, there are four key issues that the organisation has focused on to ensure that those living with secondary breast cancer are given the same high standard of care and support that they received when diagnosed the first time around.

The first of those issues is the collection of data. We do not know how many people are living with secondary breast cancer in the UK, as those data are not routinely collected. Without those data, it is unclear how many people diagnosed with primary breast cancer go on to develop it in a secondary form. In addition, the median survival time for metastatic breast cancer is estimated at three years, yet some patients will live substantially longer—for up to 10 or 15 years, in some cases.

I welcome the formation of the national cancer intelligence network, which is committed to building and retaining a new national repository of cancer data. It is an important step. Without knowing how many people are living with secondary breast cancer in England, it is impossible to provide adequate services for them. However, I look for reassurances today from the Minister that the Department of Health will make every effort to ensure that the data are collected, and collected in a timely manner, so that the necessary assessments of care for secondary patients can be made.

The second focus is on co-ordination of care. Better co-ordination of care remains one of the most challenging aspects to improving care for this patient group, and

[Mrs. Linda Riordan]

access to a clinical nurse specialist or a key worker who has the skills and knowledge to manage metastatic breast cancer is a top priority. Breast cancer nurses bring immense benefits for people living with that cancer. They act as a point of contact, providing and signposting individuals to sources of emotional and psychosocial support—particularly as a secondary or metastatic diagnosis is treatable but not curable, and is therefore devastating for the patient.

National guidance states that breast cancer patients should have access to a named person whom they can contact about their care at any time. Yet breast cancer patients on the taskforce have highlighted the lack of access and the fact that secondary breast cancer patients seem to fall through a gap between the breast cancer unit and the palliative care services.

Mr. David Drew (Stroud) (Lab/Co-op): What my hon. Friend says is compelling, and surely there is a role for the hospice movement, provided that access is appropriate and people know that there is a local hospice that they can go to. There is always a worry, however, because we never seem to fund the hospice movement as generously as we could. Would my hon. Friend like to comment on that?

Mrs. Riordan: I agree with my hon. Friend and pay tribute to hospices throughout the country. I know first hand the work that they do, and, of course, they can play a part in the care of secondary breast cancer patients.

Cancer networks, working with primary care trusts, urgently need to reconfigure their work force to ensure that they can provide this much needed and necessary service for that patient group. Therefore, I ask the Minister to restate her support for access to specialist nurses for all cancer patients, and not just for those with a primary diagnosis.

The third focus is on adequate and sufficient access to information. Information empowers the patient, enabling them to understand their diagnosis and to make the necessary decisions about their treatment and care. Existing guidance from the National Institute for Health and Clinical Excellence states that information should be given to people living with breast cancer "at every stage", yet the secondary breast cancer taskforce has recognised that the information needs of its patients are not being met. If patients had access to a clinical nurse specialist or to a key worker, as I have already said, those carers could point patients in the right direction and ensure that they were well informed and well prepared. Will the Minister therefore please reassure me that all cancer networks will have information managers in post by February 2009 to ensure that patients have access to the necessary support and guidance?

Finally, the key focus of Breast Cancer Care is the provision of good psychosocial support for patients. A diagnosis of secondary breast cancer can be significantly more dramatic than a first diagnosis, which, in itself, is recognised as a highly distressing experience for patients. Further, recent studies have proved that such patients have poorer emotional as well as physical and functional health. Therefore, it is important that people living with secondary breast cancer are able to access all levels of psychosocial support. Breast Cancer Care very much welcomed the NICE guidance entitled "Improving Supportive and Palliative Care for Adults", which is very relevant to the work of the taskforce.

The taskforce believes that the full implementation of that guidance would significantly improve support and care for those patients. We should be working towards full implementation of the guidance by December 2009, with partial implementation by December 2008. However, it appears doubtful that that deadline will be met. It has been heard repeatedly that secondary patients are simply not receiving the psychological support that they need and that there is an apparent lack of priority for the implementation of the guidance.

Although national guidance in this area is very welcome, there has been no assessment of how the guidance is being effectively implemented. I therefore ask that the Department strengthens measures to ensure that PCTs and cancer networks fully implement the NICE guidelines. I further stress that PCTs will gain economic benefits, such as decreased hospital admissions, by ensuring that proper support care services are in place.

Finally, there needs to be a call for action. Cancer networks and PCTs should review the availability of clinical nurse specialists in their network who have the necessary skills and knowledge to deal with breast cancer patients. Service providers should be able to demonstrate that every one of their patients has access to a clinical nurse specialist and the NHS cancer patients' experience survey must include the views of secondary breast cancer patients.

Breast Cancer Care, other affiliated organisations that help to make the lives of those living with cancer a little better, and I, welcome the Government's focus on living with cancer and survivorship. But now we want that to happen at a local level, so that the patients receive the best supportive care and full access to the services to which they are entitled.

I pay tribute to all the women with secondary breast cancer who have contributed to the work of the taskforce. Not all of them survived the experience, but they contributed their experiences of dealing with the reality of living with cancer and coping with the demands of treatment. We owe it to those people, and those who have survived them, to ensure that the standard of treatment, support and care for people with secondary breast cancer improves.

8.37 pm

Mrs. Ann Cryer (Keighley) (Lab): I congratulate my hon. Friend the Member for Halifax (Mrs. Riordan) on securing this important debate on secondary breast cancer particularly. I am the joint chair of the all-party group on breast cancer.

Earlier this year, we had a hearing attended by people with an assortment of specialties; they were mainly survivors and breast cancer nurses. The survivors told us that they had received wonderful and targeted treatment during their primary cancer; they could not speak highly enough of their treatment then. However, things went a bit pear-shaped when they went into secondary cancer, because they felt cut adrift. They no longer had the attention of a breast cancer nurse, although they felt that they should have had, as they were suffering from a different form of cancer. They felt that they did not know where to turn. They were not sure of the nature of their cancer, nor of the relationship between the primary and secondary diseases and what sort of treatments were going to take place. The treatment and support that they received changed considerably. I support what my hon. Friend has said. The Government ought to consider the issue and focus more on how a woman who has been diagnosed with secondary breast cancer can survive; it is a different ball game from the original diagnosis.

As a member of the all-party group, I was invited to speak at a wonderful occasion in the magnificent premises of one of the engineering associations on either the Mall or George street—I am not sure which. It was a multicultural event for breast cancer survivors, mainly primary survivors. The women were Chinese, Indian, West Indian, Pakistani—you name it, they were there. There were many middle-class and professional people who knew what they were talking about. In my conversations that night, I learned from many of them about their concerns for other women from their community, who, having started with primary breast cancer, did not feel confident enough, because of a degree of anxiety within their family about family shame and pride, to go to their doctor for quite a while, and when they did their English was not sufficient and so they frequently had to take a child to translate for them.

I said to those women, and they agreed, that women are actually dying of embarrassment. They are so embarrassed that they are not going to the doctor when they should, at an early stage in their cancer, and by the time they get there it is often well down the line. Many of these women survive, but many do not, entirely because they have been worried about raising the subject within their own family and with a doctor. Can the Department consider how we can press to get more information to women in these communities, where little English is spoken and where they have come in as wives, possibly from the sub-continent, or wherever? Can we encourage doctors, health visitors and district nurses to be on the look-out for such women and encourage them to go to their doctor at an early stage and get an early diagnosis?

Apparently this debate can go on until 10 o'clock, but I will not keep us here for that long. However, I should like to pick up on what my hon. Friend the Member for Stroud (Mr. Drew) said about the hospice movement. The hospice movement is wonderful, but hospices often suffer from a lack of funding because primary care trusts are not injecting enough money into them. In Keighley, there is a wonderful hospice in Oxenhope called Sue Ryder Care Manorlands. Its problems have not been with Bradford and Airedale PCT but with North Yorkshire and York PCT, which, it is fair to say, has been a bit skinny with it in not giving it appropriate amounts of money to cover the number of cancer patients with whom it is dealing. Of course, many of those patients will be breast cancer patients. I have been having a big argument with that primary care trust. I think that we are now seeing the end of that argument because many of us are pushing for Manorlands to get adequate funds to carry on with its excellent work. My hon. Friend the Member for Halifax is right to suggest that the hospice movement can often be a perfect solution, particularly for women with breast cancer, because it offers a much more homely and less clinical atmosphere.

8.43 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I congratulate my hon. Friend the Member for Halifax (Mrs. Riordan) on securing this important debate.

I confirm what my hon. Friend the Member for Keighley (Mrs. Cryer) said about ethnic minorities often presenting quite late with breast cancer and other forms of cancer. That is partly to do with a diffidence about English and about interacting with authority, but it is often also to do with a sense of stigma. In many ethnic minority communities, there is still a strong sense of stigma about cancer. I remember that when my own mother was dying of stomach cancer she was most insistent that nobody knew, because she felt that there was something shameful about it. In those circumstances, members of ethnic minorities often present late. I think that the Government have done an enormous amount on breast cancer and cancer in general since 1997, but in framing a strategy we should be looking at the very specific needs and issues in ethnic minority communities.

8.44 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I congratulate my hon. Friend the Member for Halifax (Mrs. Riordan) on securing the debate on the national health service for secondary breast cancer patients. I am aware of her interest in breast cancer, and I realise that today's debate has been prompted by the recent work of Breast Cancer Care's secondary breast cancer taskforce on metastatic—advanced—breast cancer.

I was able to attend a meeting with Breast Cancer Care in May, and, in the past couple of weeks, a meeting of the all-party group on breast cancer. We welcome the work by Breast Cancer Care and the secondary breast cancer taskforce to raise the profile of secondary breast cancer.

We are aware that patients with secondary breast cancer have different needs from those with primary breast cancer. My hon. Friend the Member for Keighley (Mrs. Cryer), who spoke in her usual positive and passionate way, made important points about cultural differences and the work that remains to be done. My hon. Friend the Member for Stroud (Mr. Drew) raised the important issue of the hospice movement, and my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) mentioned a certain stigma that persists among some older women in the community. I can relate to all those points because, as a nurse for many years, I experienced them with patients and their families. Many of us now represent constituencies that include groups of people who need the confidence and reassurance that the NHS can give women.

The National Institute for Health and Clinical Excellence's guidance, "Improving Outcomes in Breast Cancer", recommends how breast cancer services should be organised, and covers recurrent and metastatic breast cancer. It recommends that a patient with breast cancer

> "should receive information relevant to her case about the disease, diagnostic procedures, treatment options and effectiveness".

Of course, that includes information on the probability of recurrence.

Let me explain how the information is given. NICE is currently developing clinical guidelines for the diagnosis and treatment of secondary breast cancer, which we

[Ann Keen]

expect to publish in February 2009. At the all-party group meeting, I heard the very different experiences of women in respect of the way in which information is presented to them, and especially the burden that giving information only to the patient, who has to go away and explain it time and again to friends and family, creates. It cannot be acceptable for that burden to fall on the patient alone, especially of an unexpected secondary diagnosis. I emphasise that NICE is currently developing clinical guidelines for the diagnosis and treatment of secondary breast cancer.

Several key priorities that the taskforce identified in its excellent work, and that my hon. Friend the Member for Halifax highlighted today, were raised by stakeholders during the development of our cancer reform strategy, which we published in December 2007. Actions to tackle those issues, which affect all cancer patients, were included in the strategy.

The first priority that the taskforce identified is the need for a key worker for all secondary breast cancer patients. I cannot stress the importance of that enough. In its November report, the taskforce further recommends,

> "that within every patient's clinical team, there is a Clinical Nurse Specialist who has the skill and knowledge to manage metastatic breast cancer. This person will act as the patient's key worker."

I would say, key worker, advocate, friend, counsellor and nurse.

As my hon. Friend knows, work force planning is a local matter and is the responsibility of NHS organisations, with the support of their strategic health authority. However, the debate enables me to say that a strong message is sent to strategic health authorities, local health communities and primary care trusts at every opportunity to emphasise that we recognise the importance of employing nurse specialists, with that specific skill. We acknowledge the critical role that clinical nurse specialists play in cancer care. That has been confirmed by the importance of the role as part of the multi-disciplinary team, as set out in the NICE series of "improving outcomes" guidance. During the development of the strategy, patients repeatedly told us of the important role that clinical nurse specialists can play in improving the experience of people living with and surviving cancer. At our recent party conference, I was asked to speak at a meeting entitled "Long-term conditions", but some years ago we would not have expected that to include cancer. We are so pleased that people are living much longer lives with cancer and secondary cancer. Therefore, they deserve to have — and must have — the support that the taskforce has set out.

The strategy asked commissioners to give particular attention to that role for clinical nurse specialists. The strategy also recommends that good commissioners will use the peer review data to benchmark their local clinical nurse specialist provision against that of similar PCTs and take action where the clinical nurse specialist work force are found to be insufficient. There will therefore be much more transparency and other PCTs will be able to see how best practice is being portrayed.

As part of the implementation of the strategy, a small working group has been set up by the national cancer action team to look into the role and contribution of nurses across cancer services. The group will look at the outcomes required across tumour type pathways and the competences required to deliver them. The national cancer action team is now funding a survey of clinical nurse specialists.

My hon. Friend the Member for Halifax rightly raised the issue of collecting data. Collecting data on the number of those diagnosed and living with secondary breast cancer is the second priority. The national cancer intelligence network, which was launched in June, will build, maintain and quality-assure a new repository of national cancer data. That will help patients to make choices about their treatment, enable hospital teams to identify areas of weakness and encourage commissioners to seek improvements in quality where necessary. We are working hard to help the NCIN collect those data in a timely manner, and its first annual report is scheduled for publication in 2009.

The need for high quality patient information is another priority. Ensuring that all patients have access to high quality information and support is a key part of the pledge that we made to cancer patients in the strategy. The strategy sets out a number of initiatives to improve patient support services for those living with and, of course, beyond cancer. Those initiatives include: ensuring that patients receive high quality personalised information throughout their — as it is described in the strategy — cancer journey on issues such as cancer treatment, local and national support services, and, importantly, financial benefits; working with cancer professionals in the NHS to improve their communication skills when dealing with patients; the establishment of a new national cancer survivorship initiative; and monitoring progress on improving patient experience through annual surveys, which will include the views of secondary breast cancer patients.

I have listened to many of the women involved and, along with my hon. Friend, pay tribute to their courage and commitment. Even when they have not felt well enough to attend, they have bravely done so. We have made good progress on the national initiatives to improve information delivery and communication skills training since the publication of the strategy. That is so important. We all think that we are getting it right, but then we listen to the patient experience and discover that some things are still lacking. Therefore, the commitment to professional development and training is of the utmost importance.

The national cancer action team is working closely with cancer networks and charities to roll out national information pathways, and this is being linked to pilot work on information prescriptions. I take note of what my hon. Friends have said this evening — particularly about the culture and how the older woman is affected — and can now see that it is fed into the information pathway. National patient information pathways for bowel, lung, prostate and breast cancers were launched in July. They are nationally agreed sources of information that will be available for clinicians and clinical nurse specialists to give to patients at each stage of their cancer journey, including information for women with secondary breast cancer.

Improved access to psychological services for all secondary breast cancer patients and their families is the fourth priority. Once again, we recognise that that can be as important as any other aspect of treatment, and we have stated that commissioners will need to ensure that adequate provision is available so that all patients, and their families, friends and carers, can access the appropriate psychological support that they need. When a person is informed of a second diagnosis, they require different support. All the clinical people involved in the care of patients with a secondary diagnosis are aware that, sometimes, that support is not adequate. Everyone is trying to ensure that the psychological support is available, not only for the patient, but for family members.

Improved management of secondary breast cancer patient care is the fifth priority. I can confirm that the management of active cancer has been identified as a workstream to be taken forward as part of the new national cancer survivor initiative.

Cancer services remain a high priority for this Government, and my hon. Friends have praised the work that our clinicians and NHS staff have done. We have seen changes and significant improvements in cancer services in the past 10 years, especially since the publication of the NHS cancer plan in 2000. Our achievements include: extending breast screening to women aged up to 70; the roll-out of the bowel cancer screening programme; a reduction in waiting times for patients with suspected cancer; more cancer specialists—that is absolutely critical to the strategy, and there are more than 1,655 extra consultants in this area since 1997; and cancer mortality in under-75s fell by more than 18 per cent. between 1996 and 2006. We are on course to meet our target of a reduction of at least 20 per cent. in cancer deaths in under-75s by 2010. The public health and awareness agenda that all of us must take account of will make a significant difference to that figure.

That does not mean that we are complacent. We face significant challenges when dealing with cancer services for people with secondary cancer. We have opportunities to deliver further improvements through the strategy, which was developed with the help of more than 1,000 groups and individuals. It is very much an inclusive and involved strategy, which I believe was welcomed by all the cancer charities and patients who are not associated with them. We value the work of Breast Cancer Care and all other cancer charities, and look forward to continuing to work with them through the various strategy initiatives to improve the experience of all cancer patients, including, of course, those with secondary breast cancer. We owe that to those women and their families, and the NHS wants to deliver it.

Question put and agreed to.

Adjourned accordingly at two minutes to Nine o'clock.

House of Commons

Wednesday 19 November 2008

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO.2) BILL [*LORDS*]

Ordered,

That so much of the Lords Message [17th November] as relates to the London Local Authorities and Transport for London (No. 2) Bill [*Lords*] be now considered.

Resolved,

That this House concurs with the Lords in their Resolution.—[*Second Deputy Chairman of Ways and Means.*]

Message to the Lords to acquaint them therewith.

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*]

Ordered,

That so much of the Lords Message [17th November] as relates to the Transport for London (Supplemental Toll Provisions) Bill [*Lords*] be now considered.

Resolved,

That this House concurs with the Lords in their Resolution.—[*Second Deputy Chairman of Ways and Means.*]

Message to the Lords to acquaint them therewith.

BROADS AUTHORITY BILL

Ordered,

That so much of the Lords Message [17th November] as relates to the Broads Authority Bill be now considered.

Ordered,

That the promoters of the Broads Authority Bill, which was originally introduced in this House in Session 2006-07 on 23rd January 2007, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*Second Deputy Chairman of Ways and Means.*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Saville Inquiry

1. **Tony Baldry** (Banbury) (Con): What his most recent estimate is of the cost of the Saville inquiry; and if he will make a statement. [235738]

4. **Mr. Gerald Howarth** (Aldershot) (Con): How much has been spent on the Saville inquiry to date; and how much has been spent on (a) solicitors and (b) counsel. [235742]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The cost of the inquiry to date is £18[illegible] million. Almost £100 million has been spent on legal costs. I am informed that £41 million has been spent on solicitors and £54 million on counsel for interested parties and the Ministry of Defence.

Tony Baldry: It is good news that self-rule in Northern Ireland is back on track and that Northern Ireland is able to move forward, but does not the Saville inquiry drag Northern Ireland backwards? It was not part of the Good Friday agreement—it was a deal cobbled together between Blair and Sinn Fein. When will Northern Ireland be able to move forward instead of being constantly drawn back to revisit its history?

Mr. Woodward: The hon. Gentleman raises a question that several hon. Members have raised. He is right to ask about the difference between being able to move forward and being held in the grip of the past. However, I remind him that the Saville inquiry was an essential part of building public confidence in both communities at the time that it was set up. It was envisaged that it would take two years, but it has taken more than 10. It was envisaged that it would cost some £11 million, and we are all staggered by the figure of £485 million. I share the disappointment of hon. Members that Lord Saville has written to me requesting a further year before he is able to publish, but I invite them to recognise that the greatest disappointment of all is felt by the families who have been through huge distress in the course of this inquiry and, like all of us, still seek the truth about that tragic day in 1972.

Mr. Howarth: Will the Secretary of State accept that if Lord Saville finds in favour of the Paras, some of whom are my constituents, he will be accused of a whitewash? If he finds against them, that will not be the end of the matter, because the nationalists will call for trials and compensation, further prolonging the dreadful state of affairs to which my hon. Friend the Member for Banbury (Tony Baldry) has alluded. Surely there can be no winners from this obscene waste of public money?

Mr. Woodward: We should all be careful about jumping to conclusions about what Lord Saville's report will say. It is unfair and a mistake to describe this as an "obscene" inquiry, because at the time it was set up the then Prime Minister made it very clear that, since the original report on the events of 1972, there were new eyewitness accounts, new interpretations of ballistic material, new medical evidence and a substantial dossier gathered by the families—produced a year before the inquiry was set up. He also said that it was appropriate for public confidence to have a proper independent inquiry without any preconditions to the outcome, so that the truth could be established and told. None of us should be afraid of establishing the truth, and we should be prepared to work with the truth, not run away from it.

Mr. Jim Devine (Livingston) (Lab): Does not the vast part of the legal bills date from challenges prior to the setting up of the inquiry? Can the Secretary of State assure me that the families directly affected will be given the support that they need?

Mr. Woodward: My hon. Friend raises a number of very important points about legal costs, judicial reviews and funding for the families at the time of publication. It is important, in recognising the importance of establishing this inquiry for the sake of public confidence, that when the report is published it should be published fairly and everybody who is mentioned in it should be given adequate time to prepare for what might be said. Delays are one of the major reasons costs are incurred in such inquiries. Whether we are talking about Saville or any of the other reviews that have been established, every time there is a judicial review, those who are on retainers, who are in office buildings or who are leasing and renting equipment continue to be paid. Unfortunately, no work can be done on the inquiry while a judicial review, which can last many months, is under way.

David Simpson (Upper Bann) (DUP): When the Saville inquiry was first announced, some of us warned that it would be a massive drain on public finance, that it could drag on and that the same politicians who asked for it would dismiss its findings. Is the Secretary of State in the least surprised that we were correct? Why has Lord Saville asked for the inquiry to be extended for a year?

Mr. Woodward *rose*—

Mr. Speaker: Order. The question about cost is legitimate—that is fine—but the matter of what Lord Saville seeks to do is sub judice and we should be careful about how we discuss it.

Mr. Woodward: I recognise that at the time concerns were expressed by the hon. Gentleman and his party about the inquiry. Again, I remind him of what the then Prime Minister said at the time about the importance of being prepared to examine the truth. I remind him that we should have nothing to fear from the emergence of the truth. I believe that the work that Lord Saville and the other judges have done on the inquiry will, when it is published, allow us truly to say that we have had an opportunity to revisit and re-examine—in so far as it will ever be possible, as it is now 36 years since the event itself—the tragic events of that day and to find a way to come to terms with those events, allowing Northern Ireland to move from the grip of the past into a future that I hope will continue to be peaceful and prosperous.

Sir Patrick Cormack (South Staffordshire) (Con): Does the Secretary of State accept—I shall not ask him to go into detail—that many of us find it incomprehensible that Lord Saville wants another year? Does he also agree with the recent unanimous recommendations made by the Select Committee on Northern Ireland Affairs that no further inquiries should be established unless all the parties in Northern Ireland want them?

Mr. Woodward: I welcome the Chairman of the Select Committee's interest in this matter. I want to put on the record my thanks to him and to his Committee for the exemplary work that they have done in looking not only into this matter but at the past and at how Northern Ireland might be able to deal with its past. It is extremely important that we have an independent group such as the Select Committee that can ask such questions.

These public inquiries are an important part of seeking the truth. I would not want to anticipate whether it is appropriate to hold such inquiries. The value of the inquiries is in their independence, and while we should seek to control the unit costs, we should not seek to prevent the independence of the inquiry. Perhaps a lesson for the House might be that inquiries should be independent but that we should be very cautious about establishing them simply as a matter of course.

Mr. Owen Paterson (North Shropshire) (Con): I endorse the comments made by my hon. Friend the Member for Banbury (Tony Baldry) on the news that the Executive will be sitting on Thursday and on successive Thursdays until it clears the backlog. Her Majesty's Opposition are pleased that politicians in Northern Ireland will be working for the people of Northern Ireland and using the institutions to their benefit.

On Saville, the relatives of the victims were dismayed last week to learn of a further delay to the inquiry. Many taxpayers will be astonished at the Secretary of State's reply to me this week that the final cost will be £191 million. What powers does the Secretary of State have to bring the inquiry to a speedy conclusion?

Mr. Woodward: First, let us recognise the importance of yesterday's historic announcement. I think that we will have an opportunity in a later question to refer to that.

I share the hon. Gentleman's disappointment, but I say to all hon. Members that there is an important balance to be struck between maintaining an inquiry's independence and compromising it. As Secretary of State, I of course have an interest in this matter, but I do not have the power to tell the judge to publish his report on such and such a date, precisely because it must be in the hands of an inquiry to determine when its work has come to an end.

The hon. Gentleman in effect quoted from the judge's letter to the families, but he did not refer to the final part of that letter. I remind him that the judge pointed out that

> "it seems to the tribunal that we would justifiably be criticised if we sacrificed fairness, accuracy and thoroughness in order to save time; and we are determined not to take that course."

Mr. Paterson: But to everyone outside the House, 10 years and £191 million seem incomprehensible. With due respect to the concept of the separation of powers, this is an inquiry and not a court case. Given the extraordinary length and cost, would the right hon. Gentleman consider legislating to fix a deadline and a limit on further expenditure?

Mr. Woodward: The hon. Gentleman makes an important point, but I suggest that he talk to some of his colleagues on the shadow Front Bench. When the Bill that became the Inquiries Act 2005 was going through the House, the shadow Solicitor-General was sitting where the hon. Gentleman is sitting now. He expressed concerns about the Bill's original drafting, precisely because it

> "over-extended Ministers' powers to interfere in an inquiry at the expense of the inquiry's chairman, which would compromise an inquiry's independence, effectiveness and credibility."—[*Official Report*, 6 April 2005; Vol. 432, c. 494.]

Political and Economic Developments

2. **Christopher Fraser** (South-West Norfolk) (Con): What assessment he has made of the effects on the economy of Northern Ireland of the fact that the Northern Ireland Executive have not met recently. [235739]

5. **Mr. Peter Bone** (Wellingborough) (Con): What assessment he has made of recent political developments in Northern Ireland; and if he will make a statement. [235743]

The Secretary of State for Northern Ireland (Mr. Shaun Woodward): The agreement reached between the First Minister and the Deputy First Minister on the devolution of policing and justice is indeed historic because the arrangements have been made not by the two Governments but by the parties themselves. The immediate consequence of the agreement is that the Executive, who have not met since June, will now meet weekly. I am sure that the House will want to join me in congratulating the First Minister and Deputy First Minister on finding a way through the deadlock and putting in place an agreement that would facilitate the transfer of policing and justice powers.

Christopher Fraser: I welcome yesterday's positive announcement about the Executive, but will the Secretary of State therefore ensure that businesses in Northern Ireland, like businesses in the rest of the UK, receive help with the burden of taxation without delay, a sympathetic deal from the banking industry and relief from over-regulation to see them through these turbulent economic times?

Mr. Woodward: Of course, many of these matters are now devolved but, that said, we absolutely recognise the need to help all parts of the UK through the downturn. Through the work that the Prime Minister is leading, we of course intend to make sure that Northern Ireland has its fair share of anything that we are able to do. As Secretary of State, I stand ready to meet and work with Ministers in Northern Ireland to ensure that we do all that we can to mitigate the effects of the downturn.

Mr. Bone: It is extremely good news that the Executive are going to meet tomorrow, but does the Secretary of State think that any lessons have been learned from the 152 days of deadlock so that it will not be repeated?

Mr. Woodward: I think that huge lessons can be learned, in Northern Ireland and elsewhere. This is about the importance of equality, respect and trust, and of building a relationship. During those very difficult months, the problem was that there was a breakdown of trust between the parties. Equally, however, in the past few weeks we have seen an extraordinary act of leadership by the First Minister and Deputy First Minister. They have acted to establish trust so that they can work faithfully together to build an agreement. I believe that that understanding will serve as a firm foundation for complete devolution, and that it will ensure that Northern Ireland's prosperity is guaranteed.

Mr. Peter Hain (Neath) (Lab): I congratulate the Secretary of State on the astute way in which he supported the First Minister and the Deputy First Minister in reaching this important agreement—a relief to me, as I promised to be the last direct rule Secretary of State. Does my right hon. Friend agree that the process will take time? It was envisaged not that there would be a big bang devolution of policing and justice, but that it would be phased. That will now occur speedily, and relatively soon there will be progress towards that objective.

Mr. Woodward: Once more, I take an opportunity to place on record not only our thanks, but, I think, the thanks of all politicians in Northern Ireland for the work of my right hon. Friend. He helped to steer the parties to the St. Andrews agreement, which allowed the two Governments to provide and reach a framework within which the institutions could be restored. On the basis of that agreement, it was possible yesterday to produce the historic agreement by the First and Deputy First Ministers that will allow devolution to be completed. My right hon. Friend is absolutely right to recognise, however, the need for all of us to continue to support the Government in Northern Ireland in whatever way we can. Even if there are setbacks in the months to come, we remain resolved, and the Prime Minister remains resolved, to provide every help we can to ensure the completion of devolution.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): May I assure my right hon. Friend that we are fully cognisant of the enormous contribution made by the First Minister and the Deputy First Minister to yesterday's important agreement? However, we also pay tribute to the work of my right hon. Friend's predecessor in forging that agreement, and in particular to my right hon. Friend's personal success in pulling it off yesterday.

Mr. Woodward: I am grateful to my hon. Friend for his remarks and I will share them with my colleagues.

Mr. Gregory Campbell (East Londonderry) (DUP): One of the lessons of this week is that we should stand up to unacceptable demands by Sinn Fein, and we hope that everyone will learn that lesson. Does the Secretary of State agree that the economy can benefit from Northern Ireland, not only from the Executive meeting tomorrow but from their meeting regularly to discuss matters that are pre-eminent in the minds of the local community—business, the economy, health and sport? All those matters need to be dealt with now and on an ongoing basis. Policing and justice should be dealt with where my party has always said it should—in the Assembly on an ongoing basis, until we reach a conclusion of the matter.

Mr. Woodward: First, I thank the hon. Gentleman for his role in helping the Executive to continue to function during a number of difficult months. In relation to the remarks he made at the beginning of his question, of course people should stand up for their values and beliefs, but in Northern Ireland it is a case not only of standing up for our values and beliefs but of being prepared to understand the other person's point of view. If there is a major lesson to be learned from the past few months, it is that it is possible to stand up for our beliefs and values but that it is also possible to respect the beliefs and values of a different community, and of a different party, and to find a resolution that will allow both parties to be satisfied and for everyone in Northern Ireland to share in the peace.

Mark Durkan (Foyle) (SDLP): I join the Secretary of State in welcoming the positive turn of events this week that will see the Executive meet again after 22 weeks. Does he agree that it was no active leadership that prevented the Executive from meeting during that time of pain for the economy, public services and the voluntary sector, and is he confident that there will be no slippage or slipperiness in the process outlined by the First and Deputy First Ministers and that a time scale is envisaged if not actually expressed?

Mr. Woodward: I thank the hon. Gentleman for his contribution to enabling the First and Deputy First Ministers to reach agreement yesterday on finding a way forward on the devolution of policing and justice. In relation to timetables and dates, I caution him and other hon. Members that the agreement reached yesterday by the First and Deputy First Ministers was carefully put together to recognise the respective positions of both parties and to recognise that the way to deal with that was to put in place a process that would build community confidence. I remind the hon. Gentleman of the words used yesterday by both the First Minister and the Deputy First Minister—they both want devolution without undue delay.

Mrs. Iris Robinson (Strangford) (DUP): Everyone welcomes the progress that has been made in Northern Ireland, but does the Secretary of State agree with me that the real transition to full democratic progress will come only when the Assembly coalition moves from being a mandatory one to being a voluntary one, with parties having the same objectives?

Mr. Woodward: I am tempted to say that we should learn to walk before we run, but if the hon. Lady's ambition is to reach that destination sooner rather than later, and if she believes that that will succeed, we really have made terrific progress in Northern Ireland.

Mr. Eddie McGrady (South Down) (SDLP): Like the Secretary of State, I welcome the agreement made yesterday between the Democratic Unionist party and Sinn Fein to reinstitute the Executive. It is great that the solution has come from the parties that created the problem in the first place. Notwithstanding that, I hope he agrees that it is most important to the economic welfare of Northern Ireland, which is the kernel of this question, that they quickly work through the business of five months' government. He has already said that he, the Chancellor and the Prime Minister will do all they can to help the economy, but will he say what additional funding—in particular, for policing—they hope to provide? Also, will he indicate the timetable for the implementation of the agreement made yesterday?

Mr. Woodward: I am grateful for the hon. Gentleman's help and support, especially through the challenges of the past few months. On his questions regarding funding and the issues facing the Northern Ireland Executive, as I have already said, the Executive will now start to meet again, starting on Thursday. They used to meet fortnightly, but I understand from the First Minister that they will now meet weekly until all the backlog of business has been cleared. I look forward to learning more tomorrow, when the Executive meet, but I understand that there is a number of matters on the timetable other than devolution of policing and justice that will be covered.

On the hon. Gentleman's question about funding for policing, my right hon. Friends the Prime Minister and the Chancellor have been working extremely closely with me during the past few months to ensure that devolution is allowed to succeed in Northern Ireland, not only in policing and justice, but in every area, to ensure peace and prosperity for every community.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I place on the record my party's welcome for yesterday's news, which is as welcome as it is overdue? Despite the substantial progress that we have seen, however, policing in Northern Ireland is still not normal. As a consequence of the actions of a tiny number of dangerous individuals, police officers daily face a threat to their lives, merely because they are police officers. Will the Secretary of State therefore give an undertaking that, as well as devolving the powers relating to policing and criminal justice, we will devolve a budget that is sufficient to meet the very particular needs of Northern Ireland? *[Interruption.]*

Mr. Speaker: Order. There are hon. Members in the Chamber who want to hear Northern Ireland questions and answers. It is unfair that there should be so many conversations going on.

Mr. Woodward: Thank you, Mr. Speaker.

Last year my right hon. Friend the Chancellor made it possible for me to give the Police Service of Northern Ireland a budget that many other chief constables would envy. The hon. Gentleman will know that the crime figures for Northern Ireland—especially those for violent crime—are extremely low compared with other parts of the United Kingdom.

On dissident activity, the threat posed to police officers in Northern Ireland is higher today than at any point in the past six years. The men and women of the PSNI do an exemplary job, and the Chief Constable, Sir Hugh Orde, has provided exemplary leadership for those men and women. We owe them a huge debt. I regret that now, in the last throes of this process, we will see a last throw from dissidents—a last attempt to undermine the work of the politicians in Northern Ireland. We stand absolutely resolute in our determination to ensure that those isolated criminals, who have no support in the community, do not succeed.

Mr. Laurence Robertson (Tewkesbury) (Con): May I give a warm welcome to the announcement made yesterday, which will enable policing and justice to be devolved in due course, and also enable the Executive to meet? Hopefully, when they can meet, they will be able to concentrate on the economy, regardless of when policing and justice is devolved. More than two thirds of Northern Ireland's gross domestic product is generated by the public sector. What can the Government do to help the private sector increase its activities, so that the people of Northern Ireland can enjoy greater prosperity?

Mr. Woodward: I thank the hon. Gentleman for his very generous comments about the historic agreement reached yesterday. On the economy, my right hon. Friend the Prime Minister is of course working closely with me to ensure that we provide all the help we can for people in Northern Ireland during the downturn. In relation to the private sector, I simply point to one example: the work being conducted by the American Government to bring investment to Northern Ireland. I would like again to put on the record my thanks to the American Government, to President Bush and to the special envoy Paula Dobriansky, who has ensured that everything that can be done to bring private sector investment from the United States is done in Northern Ireland, and will continue.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [236806] **Mr. Philip Dunne** (Ludlow) (Con): If he will list his official engagements for Wednesday 19 November.

The Prime Minister (Mr. Gordon Brown): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Dunne: Can the Prime Minister explain why the pound has lost over a quarter of its value against the US dollar in less than four months? Does he still believe what he said in 1992—that

"a weak currency arises from a weak economy which in turn is the result of a weak Government"?

The Prime Minister: I would advise Conservative Members not to talk down the pound, and I advise them to take the advice of Lady Thatcher, who said that

"trying to help the speculators"

and talking sterling down was

"the most unBritish way."—[*Official Report*, 15 June 1989; Vol. 154, c. 1119.]

Q2. [236807] **Mr. Gordon Marsden** (Blackpool, South) (Lab): A strong skills base in both services and manufacturing is key to the recovery strategy that the Prime Minister is pursuing at home and abroad. It is also key to regenerating towns such as Blackpool. Does he agree that this is a time to expand, not contract, investment in skills and apprenticeships, particularly in the public sector, but also in small firms? Unlike the Conservative party, we need action, and we need it now.

The Prime Minister: I think what people want is real help for families and real help for businesses now, and I think people are beginning to understand that what is happening in the global economy is that while last year we had a major inflationary problem because of oil prices and food prices, in the coming year, inflation will fall. It will enable us to apply fiscal policy in support of monetary policy. What I mean by fiscal policy is real help and real support to families and businesses now. That is the way for the economy to grow in the future.

Mr. David Cameron (Witney) (Con): May I start by thanking the Prime Minister for agreeing to the full, independent inquiry into baby P that I asked for here last week? This was never about politics; it was about getting to the truth, and I am grateful that we are to have that inquiry.

Does the Prime Minister agree that bank reconstruction, which we all support, has not yet had the desired effect, in ensuring that lower interest rates are passed on to businesses, and that credit is genuinely freed up?

The Prime Minister: First, on baby P, I think there is unity and common ground in this House on the fact that we have got to act quickly on the report on Haringey that is to come, and that Lord Laming's work round the country is essential. We will look at what he says very carefully indeed. It is in all our interests that where there is failure, we change the system, and where people are to blame for failures, they are held accountable.

As for the banking system, I think that we were right to recapitalise the banks. This act has now been followed in every country of the world. The issue now is how the banks will resume funding to small businesses and home owners, and we are in discussion with the banks—every one of the banks—about, first of all, how HBOS-Lloyds TSB and Royal Bank of Scotland can achieve their promise that their lending and marketing of lending activity will be at the 2007 level, and, secondly, how all the banks can resume funding. We will bring forward proposals very soon indeed.

Mr. Cameron: I am grateful for what the Prime Minister says about the tragic case in Haringey and the need for proper accountability and responsibility, and there will be all-party support for that.

On the issue of talking to the banks, let me give the Prime Minister two specific cases that we have been in touch about this morning. First, a manufacturer in Lancashire, employing 120 people, is now being charged £16,000 for a modest overdraft facility. Even more dramatically, a small business in Leicestershire wrote to us saying that it had never breached its banking covenants and never exceeded its overdraft limit, yet its overdraft facility had been withdrawn and cheques had bounced. Do not such cases show that what has been done so far, which we support, has not yet worked properly, and that we need to do more on the credit side to ensure that such small businesses are not strangled?

The Prime Minister: I have said all along that the banks have got to accept their responsibilities. We have done what we can; they have to accept their responsibilities to act in a responsible and fair manner. I shall be happy to look at the individual cases to which the right hon. Gentleman has referred, but I have to say that we have expanded the small firms loan guarantee system to small businesses, that we have drawn on a European facility that could be worth up to £4 billion to help small businesses, that we already monitor what the banks are actually doing in every individual area, and that we will continue to monitor their work very closely. I have to say also that despite the Opposition's predictions, the Bank of England has also reduced interest rates, and that must flow through to small businesses, as it has to home owners.

Mr. Cameron: The Prime Minister says that we have done what we can. My question is, do not we need to go ahead and consider doing more? Is the Prime Minister considering—[HON. MEMBERS: "Doing more?"] Yes. This is about small businesses in the real world that are struggling and want to know how we are going to get credit moving again. Is the Prime Minister prepared to consider more direct measures to get lending to business restarted, including the establishment of new institutions to underwrite lending, so that businesses can get the money that they need? At the same time, can he tell the House whether he is contemplating any further taxpayer investment in the banking system?

The Prime Minister: The reason I mentioned what we have already done was to remind the House of the action that has been taken, which the Opposition unfortunately opposed. The issue now is providing real help—as I said early on—for small businesses and for families, and, to make that real help possible, there will have to be some fiscal expansion. If the Leader of the Opposition is now telling me that he will support that fiscal expansion to make it possible, that is a change from yesterday, but a welcome change, indeed. We will take all the measures that are necessary to help small businesses get the loan capital that they need, but the Opposition are going to have to be consistent: if they are asking for fiscal action now, that is the opposite of what they were doing yesterday.

Mr. Cameron: I was asking about the constructive measures that need to be taken on bank lending, and I do not think that we really got much of an answer. The right hon. Gentleman did not answer the question about whether additional taxpayer support needs to go into the bank system, and people might draw their own conclusions from that.

Let us turn to the pre-Budget report—I know that the Prime Minister is keen to, and I know that he is desperate to go on this borrowing binge. Everyone wants to know how he is going to pay for it. The employment Minister, the Business Secretary and the Chancellor have all said that taxes will have to rise. Is that not true?

The Prime Minister: First of all, on small businesses, let us—

Hon. Members: Answer.

Mr. Speaker: Order. The Prime Minister is answering. I can hear him answering. [*Interruption.*] He may not answer the way that hon. Members want him to, but he is answering.

The Prime Minister: We are calling for action on small businesses. That means that there will have to be a fiscal expansion to help small businesses. The problem is that the Conservative party has set its face against a fiscal expansion. Why are we proposing a fiscal expansion, and why are the Conservatives opposing it? The reason is to bring back growth into the economy, and the best way of dealing with tax issues is to secure growth in the economy and to secure tax revenues. The Conservatives are the do-nothing party when it comes to now, and they will let the country down by their actions.

Mr. Cameron: It is amazing for a former Chancellor, but I think that the Prime Minister has forgotten the difference between monetary policy and fiscal policy. He has forgotten—*[Interruption.]*

Mr. Speaker: Order. The Leader of the Opposition.

Mr. Cameron: He loves to lecture on economics, but for him it is actually all about the politics. Let me say to him—*[Interruption.]* He has made his choice about fiscal policy, and now he has to tell us how he is going to pay for it. The Business Secretary—not a man known for his candour—said this:

> "you have to make a structural adjustment later on".

In plain English, that means tax rises. On this side of the House, we have made our choice—it is called spending restraint. Is it not clear that the Prime Minister favours tax rises?

The Prime Minister: The Leader of the Opposition, on 30 September—*[Interruption.]* Oh yes. He said:

> "The lightweight thing to do would be to make unrealistic promises about slashing Labour's spending"

plans—a "lightweight" response to the problems that we have at the moment.

Let me tell the right hon. Gentleman the difference between monetary and fiscal policy. He proposes that we only use monetary policy, yet only a few days ago the shadow Chancellor was saying that it would be impossible for the Bank of England to cut interest rates because of our fiscal action; the Bank cut interest rates by the largest margin for years, 1.5 per cent. As for the present circumstances, everybody in every continent around the world is saying very clearly that monetary policy is not enough. The right hon. Gentleman wishes only to use monetary policy, but everyone—right-wing Governments and left-wing Governments—is saying that monetary action will not be enough, and that is why we need to use fiscal policy. That is real help for people and for families now. If he is setting his face against that, he is setting his face against helping families and business through the difficult downturn that they face.

Hon. Members: More!

Mr. Speaker: Order. The Leader of the Opposition.

Mr. Cameron: The Prime Minister is so fond of trading quotes; let me give him one that I found from just yesterday. This is the former economic adviser to his own Government, Derek Scott. He was asked—*[Interruption.]*

Mr. Speaker: Order. The Leader of the Opposition.

Mr. Cameron: He was asked about the Government's claim that this recession was largely not of their making. His answer was that that was "largely drivel, frankly". That is what he said. Let me use some words that the Prime Minister might be very familiar with. They are these:

> "unfunded…tax promises…simply do not add up".

They mean

> "tax cuts before the election",

leading to tax rises after an election. That is what he said as Chancellor just a few years ago. If he does not agree with his employment Minister, if he does not agree with his Chancellor and if he does not agree with his Trade Secretary, perhaps he can tell us—does he agree with himself?

Hon. Members: More!

The Prime Minister: They all shout, but only a few days ago the Leader of the Opposition himself was saying that borrowing had to be allowed to happen. Then he changed his mind, and he is depriving people of real help for businesses and families. The issue will come down to this: do we want to help people through difficult times, a downturn that every country in the world has faced? It is a downturn, by the way, that even the Americans agree started in America. Do we want to help people through difficult times, or do we want to take the advice that was followed in the 1980s and 1990s by the then Conservative Government and do absolutely nothing to help people in time of need?

We are going to be the party that helps people through this difficult downturn. The Conservative party has changed its policy yet again and now it is unable to help people. The deputy chairman of the Conservative party said only two days ago that the recession must take its course. We will act; the Conservatives would refuse to act.

Andrew Mackinlay (Thurrock) (Lab): Will the Prime Minister agree to meet a delegation of MPs, including me, who lost constituents due to the use by the IRA of Semtex and other weapons that had their provenance in Libya? We are disappointed that the Foreign and Commonwealth Office has not yet taken the initiative of following America's example and negotiating adequate compensation with Colonel Gaddafi. I believe that Members in all parts of the House, along with victims' families, would want to press him to remedy this wrong, including the hon. Member for Belfast, North (Mr. Dodds) and colleagues from the SDLP—from people like me—

Mr. Speaker: Order. I believe that the Prime Minister has got the point.

The Prime Minister: It is a very important point. I will be very happy to meet my hon. Friend to talk about it, and then we will review what we do.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I would like to return to the bank bail-out plan. We supported that action because we were told that there would be strings attached—that the banks would be forced to lend. Yet every Member of this House will have heard about local companies receiving e-mails from their banks forcing them out of business overnight. What concrete evidence does the Prime Minister have to show that his bail-out plan is working?

The Prime Minister: The first thing to do was to provide liquidity to the banking system. The second thing to do was to recapitalise the banks so that they would not collapse. Some of these banks would not be in existence today had we not taken the action that we did to recapitalise them. I am pleased that the right hon. Gentleman supported us on this. The next thing to do is to secure the funding that is necessary for small businesses and for mortgages. We have expanded the small firms loan guarantee scheme, and we have arranged for £4 billion of funding from Europe. We are meeting banks and building societies almost every second day to consider the technical issues and other reasons why the lending has not happened in some cases, and we are ready to take further measures if necessary. I hope that he agrees that if we take further measures, that may cost money as well as costing the banks changes in the way that they operate, and I hope that he will support us when we do it.

Mr. Clegg: That was an extraordinarily complacent reaction when thousands of jobs are at risk. We all know that the Prime Minister likes to strut his stuff on the world stage telling everybody that his plan is better than their plan, but his plan is not working where it counts—here at home. The bankers cannot believe their luck. They have got billions of pounds of taxpayers' money, they can keep their bonuses, and they do not have to lend to companies. If he is too weak to get tough on the banks, will he instead consider ways of lending serious money directly to businesses?

The Prime Minister: First, they have not, under our scheme, taken their bonuses as members of the boards. Barclays announced just yesterday that they will not take those bonuses. We are having some success, and I hope that we will have more success, in persuading the executives of these companies to take full responsibility. As for the resumption of lending, every country in the world is facing this problem, and we are all looking at what we can do. What has happened—let us be honest—is that we have gone from a period where banks were prepared to take any risk to one where they are averse to risk, and we have got to turn that round. That means that we are going to have to build confidence in the future of the financial system. Some of the measures we have already taken, but I hope that the right hon. Gentleman will support the further measures that we will take.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Does the Prime Minister believe that it is right for councils to go on encouraging their tenants to take out mortgages that they can ill afford to repay? If he thinks that it is wrong to encourage people who are only on benefits, in arrears or have been bankrupt to take out mortgages, will he please tell Birmingham city council, which is controlled by the Conservative party, that it should stop taking advertising from companies that facilitate just such loans in its council tenants' freesheet?

The Prime Minister: If there is any area where there are irresponsible lending practices, we must look at it carefully. I will look carefully at what my hon. Friend says about Birmingham city council.

Q3. [236809] **Mr. David Burrowes** (Enfield, Southgate) (Con): The US President-elect wants change. Will the Prime Minister ensure that extradition arrangements are changed so that UK citizens such as my constituent, Gary McKinnon, are not routinely extradited, despite having Asperger's syndrome? Will the Prime Minister listen to cross-party calls for an assurance that Gary McKinnon will be repatriated following a conviction in the US?

The Prime Minister: The hon. Gentleman refers to the case of his constituent, which he has taken up with Lord West. The UK has important obligations in that area, and we take those obligations seriously. I am sure that he will be aware that the case is before the courts again on 5 December, and I cannot comment on any specifics. As I understand it, however, the UK and the US are signatories to the Council of Europe convention on the transfer of sentenced persons, which enables a person found guilty in the United States of America to serve their sentence in the UK.

Q4. [236810] **Miss Anne Begg** (Aberdeen, South) (Lab): For those of who have had to suffer post office closures in our constituencies, the recent news that the Post Office card account will continue was extremely welcome. More has to be done, so what else can the Government do, and what can they encourage others to do, to ensure that we see the continuation of the existing post office branch network?

The Prime Minister: I believe that the whole House will support the decision made on the Post Office card account. It gave stability to the post office network at a very difficult time for the economy. We have also invested £2 billion for the next three years to help the post office network and we will do what we can to sustain services. One of the ways that we can do so is for people to use the post office network.

Mr. Speaker: Alistair Burt.

Several hon. Members *rose*—

Mr. Speaker: Mr. Burt is standing—[*Interruption.*] Well, speak.

Alistair Burt (North-East Bedfordshire) (Con): May we have an answer from the Prime Minister to the question posed by my hon. Friend the Member for Ludlow (Mr. Dunne)? If it were true that the economy is better placed than any other to come out of the recession, what is the Prime Minister's explanation of why our currency has fallen so far, and so fast?

The Prime Minister: That was the first time I ever saw the hon. Gentleman lost for words. Now that he has asked his question, I say to him that what puts our economy in a good position to deal with the problems that we face is that we were able to bring interest rates down. That was not possible in the recession of the early '90s, when interest rates were 15 per cent. What makes it possible for us to be strong is that employment remains high in this country—3 million more than in 1997, something that was not possible in the downturn of the early '90s. What is also strong about our country is that company balance sheets outside the financial sector are in a generally healthy position; which will stand us in good stead. What also stands us in good stead is that we are making the right decisions to come through this, not the wrong ones.

Q5. [236812] **David Taylor** (North-West Leicestershire) (Lab/Co-op): As chair of the all-party group on smoking and health, I joined Cancer Research UK at the Department of Health today, to present a petition of more than 50,000 signatories calling for the prohibition of point-of-sale tobacco displays and tobacco vending machines, and for the introduction of plain packaging. Does my right hon. Friend agree that more measures of that kind are needed to protect our children and young people from the impact of tobacco marketing, and to discourage them from starting smoking in the first place?

The Prime Minister: I applaud the action that my hon. Friend has taken, and I also applaud what Cancer Research UK has done. We will publish our response to the consultation with which it was involved very soon, and we will launch a new national tobacco control strategy in 2009. Tobacco use in this country has fallen from 28 to 22 per cent., and for children it has fallen from 13 to 6 per cent., but that is not good enough. The age of sale for tobacco products was raised from 16 to 18, and stronger sanctions will be made against retailers who persistently sell cigarettes and tobacco to children.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Earlier this year, the Prime Minister visited my constituency to meet representatives of the oil and gas industry to hear about the challenges to investment in the North sea. What reassurance will the pre-Budget report on Monday give the many thousands of people in the north-east of Scotland and throughout the country who work in that industry that the Government remain committed to maximising investment and production from the North sea to protect our security of supply and maximise future revenue for the Treasury?

The Prime Minister: We will continue the enhanced support that we have given new investment in new fields—fields west of Shetland—and the support for an enhanced recovery rate in existing fields. Much of the oil that can be taken out of the North sea in future is in existing fields, some of which have already been left behind. With enhanced technology, there can be enhanced recovery rates, and we are determined to support that. I cannot say what is in the pre-Budget report, but we are determined to support the extra development work, and then production in the North sea.

Q6. [236813] **Mr. Gordon Prentice** (Pendle) (Lab): Is it not an absolute disgrace that 40,000 students are still waiting for their education maintenance allowances? However, is it not right that the Learning and Skills Council has today sacked Liberata, the dysfunctional private sector company that is supposed to deliver on that? What can we learn about the culture of contracting out and outsourcing from that example of something going so pear-shaped?

The Prime Minister: The private company responsible for delivering the education maintenance allowance has not delivered. We are taking action to protect the students who are affected by that, and I believe that that action will be announced in the next few hours.

Q7. [236814] **Andrew Selous** (South-West Bedfordshire) (Con): Can the Prime Minister explain why, in the past three years, employment of British workers has fallen by more than 300,000, while the employment of migrant workers has increased by 900,000?

The Prime Minister: May I just tell the hon. Gentleman that, in his constituency—*[Interruption.]* Long-term unemployment is down by 80 per cent. I thought that the hon. Gentleman would be far happier because, instead of what happened in the last downturn, 3 million more people are employed in Britain now than there were in 1997. More British citizens are employed in Britain since 1997 as well.

Mary Creagh (Wakefield) (Lab): Last year in Yorkshire, 158 employers were caught not paying the minimum wage to their employees, 10 years after the Labour Government introduced it in the teeth of Tory opposition. What more can my right hon. Friend do to ensure that rogue companies that pay poverty wages are brought speedily to justice?

The Prime Minister: The minimum wage was raised to £5.73, and to £4.77 for 18 to 21-year-olds, on 1 October. We will do everything in our power to ensure that the legal minimum wage is applied in every part of the country. We have doubled the number of inspectors who monitor the development of the minimum wage. In addition, we will introduce legislation so that tips cannot be taken off the minimum wage—people should be paid tips on top of that.

Q8. [236815] **Mr. Mike Weir** (Angus) (SNP): In the real world, the difficulties that small businesses face with banks are not just to do with lending. A constituent came to me who had previously had a small business loan at base plus 2.5 per cent. Last week, he went back to the bank to get a replacement business loan and was quoted base plus 4 per cent. He was not given the benefit of the fall in interest rates from the Bank of England. When will we have real action to stop banks treating our small business men with such contempt?

The Prime Minister: That is exactly what we plan to do: take action to help small businesses through the difficult period. I have to tell the Opposition parties that that will also cost money, and those who resist fiscal activism and help for businesses and families at this point are making a big mistake.

Mark Durkan (Foyle) (SDLP): As the Government rightly consider targeted timely fiscal measures to assist growth, will the Prime Minister assure us that they will remember pensioners, who will spend to good economic effect any extra money they receive from either a one-off top-up this year of the winter fuel payment or the automatic payment for three months of pension credit, which could assist several pensioners through the hardship of the winter, and would improve take-up rates of that credit for the longer term?

The Prime Minister: The hon. Gentleman is absolutely right. We want to help pensioners through these difficult times. We have already raised the winter allowance to £250, which will be paid in the next few days, and we have already raised it for the over-80s by £80, and that will also be paid in the next few days. Any additional action that we take to help pensioners through these difficult times, which I know hon. Members on this side of the House would support, will require extra resources. The Conservative party really has to make up its mind: is it going to deny families and businesses real help in difficult times simply because of its ideology or will it support us in helping people through the difficult times?

Q9. [236817] **Bill Wiggin** (Leominster) (Con): Point 3 of the G20 communiqué makes it clear that policymakers should take responsibility for what went wrong. The Prime Minister signed up to that communiqué and he has been the policymaker for the past 11 years. Why can he not take responsibility and why can he not apologise?

The Prime Minister: Because what that section was referring to was financial regulation and what had happened principally in the United States of America. The Conservatives cannot accept that the problems that we are facing started with the sub-prime market in America and they do not seem to be able to understand that even the regulators in America accept that the problem happened first of all in America. If the Conservatives do not understand the sources of the problem, they will never be able to solve the problem.

Q10. [236818] **Mr. Jamie Reed** (Copeland) (Lab): Constituencies such as mine are set to benefit from new schools, new hospitals, new health facilities and new social housing in the near future, but those developments will be put at risk by the public spending cuts from the Opposition. Does the Prime Minister agree that constituencies such as mine throughout the north of England would be decimated by such proposals?

The Prime Minister: I want us to be able to say that in difficult times we were able to maintain our services in education, health and other areas. If the Conservative party had its way in that the recession has got to take its course, as its vice-chairman said, and the Conservatives do nothing to try to help people through these difficult times, then they will make the return of growth even more difficult. We are going to take action to help people through difficult times and to get growth into the economy, so that we can move ourselves out of this downturn more quickly. I had hoped that that would be the united view of the whole country, as well as the whole House, but unfortunately in one part of the House we do not yet have agreement.

Point of Order

12.31 pm

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Speaker. Yesterday the Chancellor of the Exchequer made a written statement about bank recapitalisation, in which he said:

> "I have today arranged for final, signed versions of the agreements to be placed in the Libraries".—[*Official Report*, 18 November 2008; Vol. 483, c. 7WS.]

Since yesterday I have been trying to get those final versions, but those that are available are undated and have gaps in them, so that the space after "Amount" has been left blank. They cannot be the final versions, so I wonder whether you could help me to obtain them, Mr. Speaker.

Mr. Speaker: I thank the hon. Gentleman for raising the matter. I will look into it and see that the agreements are delivered to him.

Charity Funding (Icelandic Bank Deposits)

12.32 pm

Mrs. Maria Miller (Basingstoke) (Con): I beg to ask leave to move the Adjournment of the House, under Standing Order No. 24, to debate a specific and important matter that requires urgent attention, namely,

> the funding emergency which is mounting for charities like Naomi House as a result of the continuing banking crisis in Iceland.

Naomi House provides emergency support for terminally ill children living in my constituency and in the constituencies of a great number of right hon. and hon. Members in all parts of the House. Some six weeks ago, Singer and Friedlander, a British bank that was taken over by an Icelandic bank in 2006, was put into administration by Her Majesty's Treasury. Naomi House had £5.7 million on deposit with that bank, which amounts to one third of its assets.

When the Government took that action, specific reassurances were given to charities such as Naomi House that special arrangements would be made for them. Indeed, the Leader of the House made it clear on two separate occasions, both here in the House and in the media, that charities such as Naomi House would receive particular support. Yet now it would appear that under the Financial Services Authority regulations, Naomi House may not be eligible for any such special protection and faces the prospect of a protracted fight to recover any of its money at all.

That would have serious consequences for the services that this unique charity provides for very ill children in Hampshire, the Isle of Wight, Dorset, West Sussex, Berkshire, Wiltshire and Surrey. There were plans to extend to other areas the outreach service provided in my constituency, but if the money is not recovered, those plans will not come to fruition. That would be devastating for the children involved and their families and for the staff and volunteers, and would be a blow for the people who raise money for this important organisation.

This could take years to resolve—years that many of those children simply do not have. Naomi House was using a bank that was regulated by the British Financial Services Authority and, indeed, that was on a list specifically approved by the Charities Commission. There are very serious questions to be answered, Mr. Speaker, including whether the Prime Minister himself was aware of the impending banking disaster in Iceland as early as March this year. A full debate in the House will certainly help Members get the information and certainty that charities such as Naomi House need at this difficult time, and I hope that you feel that it is right to grant such a debate at this time.

Mr. Speaker: I have listened carefully to what the hon. Member has said. I have to give my decision without stating any reasons. I am afraid that I do not consider that the matter that she has raised is appropriate for discussion under Standing Order No. 24. I cannot therefore submit the application to the House.

Road Traffic (Accident Compensation)

12.35 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): I beg to move,

That leave be given to bring in a Bill to provide for no-fault compensation for personal injury in road traffic accidents where liability cannot be established.

As the House knows, British civil law says that in cases where an accident has taken place, negligence and liability must be established before compensation can be paid. In the vast majority of cases, negligence and liability are established through insurance firms and compensation is awarded to the injured party. Where liability and negligence are contested, the case may go to court and the decision on the levels of compensation will be made by a judge.

Every year, a small number of people are injured in road traffic accidents where liability cannot be established and a defence of automatism, or involuntary action, is used by the defendant. The victim is left injured, with no compensation to ameliorate the situation. It is because of such a case in my constituency that I have been moved to act on this issue and to seek to introduce this Bill.

In 2004, my constituent, Mr. Rajendra Vanker, a research chemist, was seriously injured when he was hit by another car while helping his father to load boxes into his car at the roadside. The driver of the other car had suffered a heart attack prior to the car's impact on my constituent. Tragically, that driver died later in hospital. My constituent was left unable to walk unaided and in considerable pain. He was unable to return to work, so his career in the chemical industry was ruined. Four years on, he has not received any compensation for the injuries he suffered and he is still receiving medical attention, despite the fact that he played no part in the accident and is an innocent party.

The deceased's insurers, Halifax Insurance, have refused to pay out any compensation, citing the defence of automatism because the deceased was unconscious at the time of impact and not considered liable for his actions. Halifax Insurance says that, because the deceased cannot be said to be negligent as he was not suffering from cardiovascular disease previously and could not have known that he would suffer a heart attack, it is not liable for any compensation claim for injuries sustained by my constituent, Mr. Vanker.

Where the defence of automatism is being cited by an insurer to avoid paying compensation, the case must ultimately be tested in the courts. Naturally, my constituent sought legal advice and received various experts' opinions that, even if his case came to court, he was extremely unlikely to succeed. That left my constituent in a difficult position. He is not a wealthy man, particularly since he has not been able to work during the last four years, and he felt unable to take the risk of mounting a court case that he was advised he was unlikely to win.

The Association of British Insurers advises me that cases like this, where liability cannot be established, happen extremely rarely and that insurance companies are often prepared to look sympathetically at such cases and make ex-gratia payments to the injured party. That is not an admission of liability, but it does at least mean that the injured party receives some compensation. However, in my constituent's case, the deceased's insurers, Halifax Insurance, have refused to do this. Despite the small numbers of people affected by this legal situation, I feel that it is unfair that anyone injured in an accident where they are not at fault must either pursue such cases to court at their own risk or simply accept that they will not receive any compensation for what is sometimes a life-changing injury.

This issue has been raised periodically in the House. Most recently, my hon. Friend the Member for Brighton, Kemptown (Dr. Turner) made two attempts to change the law with his Motor Accident Injury Compensation Bill, introduced in both 1998 and 1999. That Bill was a little wider than mine, in that it sought to change the way in which compensation entitlement was determined to ensure that payment was made more swiftly, and that everyone injured in an accident, regardless of liability, would be compensated. Despite the excellent intentions of my hon. Friend's Bill, it made no progress in the House.

In the 1970s, attempts were made to change the law surrounding compensation to ensure that when people had been injured and liability could not be established, they could receive some compensation through their insurance companies. Campaigning on the issue culminated in the formation of the Pearson commission, which reported in 1978 and made some fairly radical proposals. It recommended that the traditional tort law applicable in such cases should be replaced by non-fault insurance and strict liability. Disappointingly, neither the Government of the day nor successive Governments have been receptive to the commission's recommendations, which have fallen by the wayside. In 1991 the issue of compensation and the workability of a no-fault compensation scheme returned to the agenda when it was examined by the Lord Chancellor's Department, but the Department's report concluded that the current system should remain in place.

The principle of no-fault compensation exists all over the world. Perhaps the most well-known scheme is that of New Zealand's Accident Compensation Corporation, which ensures that anyone injured in an accident—even if he or she was responsible—receives compensation. In return for the scheme, New Zealanders are not allowed to sue for personal injury other than in exceptional circumstances. Similar schemes operate in certain states in America and Australia and, in various different forms, in European countries such as Sweden. The introduction of such a scheme here would be a radical departure from our current civil law, and would have wide-ranging implications. I believe that there would be considerable merit in the Government's re-examining the issue of no-fault compensation and investigating the workability of introducing a scheme such as New Zealand's in this country.

I am determined that other people should be protected from experiencing the unfairness of the position in which my constituent finds himself, and my Bill would help to do that. When a driver who causes an accident through negligence has no insurance, or leaves the scene and is untraceable, the Motor Insurers Bureau steps in and provides compensation for the injured party. The MIB is funded by a levy on all insurance underwriters. I believe that a small scheme, possibly administered through the MIB, providing for compensation for injured parties when the defence of automatism is used could be a

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solution to this problem. The cost of such a fund would be unlikely to impose a great burden on our insurance industry, and my Bill would ensure that the guidelines for administering the fund were strictly defined in order to ensure that insurance companies did not try to get out of their responsibilities in regard to compensation.

I believe that the establishment of a fund to allow compensation to be made available to the very small number of people who are affected by the present situation would go some way towards ameliorating the unfair position in which a tiny minority of people, such as my constituent Mr Rajendra Vanker, find themselves every year, and I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Dr. Brian Iddon, Dr. Desmond Turner, Dr. Ian Gibson, Mr. David Kidney, Mark Lazarowicz and Christopher Fraser.

ROAD TRAFFIC (ACCIDENT COMPENSATION)

Dr. Brian Iddon accordingly presented a Bill to provide for no-fault compensation for personal injury in road traffic accidents where liability cannot be established: And the same was read the First time; and ordered to be read a Second time on Friday 21 November, and to be printed [Bill 167].

Counter-Terrorism Bill (Programme) (No.3)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programming bills).

That the following provisions shall apply to the Counter-Terrorism Bill for the purpose of supplementing the Order of 1st April 2008 (Counter-Terrorism Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion at this day's sitting at the moment of interruption.

2. The Lords Amendments shall be considered in the following order, namely Nos. 2, 106, 133, 3, 15, 82, 113, 127, 1, 4 to 14, 16 to 81, 83 to 105, 107 to 112, 114 to 126, and 128 to 132.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question being put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Helen Goodman.]*

Question agreed to.

Orders of the Day

Counter-Terrorism Bill

Lords amendments considered.

Mr. Speaker: I have to inform the House that privilege is involved in Lords amendments Nos. 2, 82, 113 and 127. If the House agrees to these amendments, I shall ensure that the appropriate entry is made in the *Journal.*

Before Clause 14

Lords amendment: No. 2.

12.46 pm

Damian Green (Ashford) (Con): I beg to move amendment (a) to the Lords amendment.

Mr. Speaker: With this it will be convenient to discuss amendment (b) to the Lords amendment and the Government motion to disagree thereto.

Damian Green: The Bill has returned to us from the Lords markedly improved. Public attention has focused on the historic defeat of the proposed extension of pre-charge detention, but there were many other improvements, including on the use of DNA samples. The amendment would improve the Lords amendment by tweaking it to make it more practical. This is key, because it illustrates one of the big failures of Government strategy throughout the passage of the Bill. The Home Secretary evidently believes that the tougher we sound, the more effective we are in fighting terrorism. The Conservatives believe that to fight terrorism successfully, we need precise, proportionate and effective legislation. That was the intention of the Lords amendment, and it is what our amendment seeks to do as well.

Our amendment would require the Secretary of State to draft and lay before Parliament regulations governing the procedures by which people can discover what information is held about them, and in what circumstances a request can be made for any samples that may have been taken during an investigation to be destroyed. We have sought to improve the Lords amendment by ensuring that Ministers will be able to decide which agencies are affected, because we fully accept that there will be covert operations where different rules may need to apply. However, at present the underlying problem in all possible situations is that there is simply no transparency, and it is extremely difficult for completely innocent people to be able to ensure that their details are not kept indefinitely, thereby infringing their privacy but serving no purpose in terms of increasing the security of the country.

Keith Vaz (Leicester, East) (Lab): It is not just a question of getting information removed; lack of information is also a problem. The hon. Gentleman will be familiar with the case of his party colleague, the hon. Member for Hammersmith and Fulham (Mr. Hands), who has been trying to get certain details removed. He is totally innocent of any crime, and he has written letters, but not, I think, received replies. Such a lack of information is the main problem.

Damian Green: The right hon. Gentleman is completely right. I agree with him on this matter, and I am, of course, familiar with the case of my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands). I am grateful for the right hon. Gentleman's indication of support in this area. None of us disputes the value of DNA information in identifying not only criminals but, at least as importantly, terrorists, and it will, of course, continue to play a useful role in identification and bringing criminals or terrorists to justice.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): DNA is not only a detective tool; it is a huge deterrent in itself. Because it is such an effective detective tool, it stands in the way of anybody who might be planning offences. I am in the minority, but I think that there is a great case for extending the DNA register.

Damian Green: My right hon. and learned Friend is correct that he is in a minority in holding that position, and I know that that will not disturb him one wit. However, there is indeed a case to be made for, and a debate to be had about, a universal, national DNA database. I would disagree with him on the issue, but the debate would be worth having.

Mr. Hogg: Why do we not include it in this debate?

Damian Green: We could include it in this debate, but you might feel, Mr. Speaker, that that pushed the boundaries of order. I should tell my right hon. and learned Friend that many of us, both in this House and outside, have been pressing for a proper debate on the use of DNA for some years now, but so far the Government have resolutely refused to have it. It is convenient for the House that we can have the debate today.

Mr. David Heath (Somerton and Frome) (LD): I am a little concerned about amendment (a), because it would afford a latitude to the Secretary of State that I am not sure is entirely appropriate. It would enable him to pick and choose the agencies that hold the information and include them in regulations. The Secretary of State already has the power to make the regulations, and therefore to exclude matters that might have the sensitivity to which the hon. Gentleman referred. Why does he feel that it is okay to give carte blanche to the Secretary of State simply to decide, if he wishes, that no Government agency is appropriate for such national guidelines? That would be out of kilter with the intention of another place.

Damian Green: The hon. Gentleman may well feel that the amendment, which seeks to improve markedly the rights of the citizen vis-à-vis the Executive, does not go far enough. I am always happy to be persuaded. It was in his power to table an amendment if he felt that mine was in some way inadequate, but he did not do so.

Mr. Heath: I should tell the hon. Gentleman that his amendment would act against the interests of the citizen in favour of the interests of the state. I am content with the Lords amendment.

Damian Green: I suspect that the hon. Gentleman and I substantively disagree. Obviously, I believe that we need to take the terrorist threat seriously. I imagine that the amendment would mean, if we were talking about a sensible Secretary of State, that there could be

[Damian Green]

exemptions in certain circumstances regarding specific agencies—obviously meaning the security services—that deal daily with potential terrorist threats. I am happy to say that the amendment is designed to ensure that there would be absolutely no weakening of our defence, or the effectiveness of our defences, against terrorism. I cannot believe that that disturbs the hon. Gentleman, but if that is what he is worried about, so be it. We will have to part company.

Mr. Hogg: I am sorry to be sniping from the back, but as I understand it the amendment would not give the House an opportunity to express a view on which Government agencies should be required to provide the information. Disclosure from some agencies may well be undesirable, but we should be in a position to identify whether an agency comes into that category.

Damian Green: I do not quite agree with my right hon. and learned Friend on that, and I cannot believe that he is really worried about sniping from behind.

Mr. Hogg: No, I am not; I said it just in case.

Damian Green: My right hon. and learned Friend is, as ever, courteous, but I do not agree with him because I believe that, as a point of principle, putting details such as the names of agencies in Bills is often a bad idea. Names can be changed, and we would have to return to the House to make further legislation, including, perhaps, in certain circumstances, emergency legislation. One thing that I have learned in the House is that, on the whole, emergency legislation is bad legislation. I am seeking via the amendment to make the legislation as flexible as possible. I share absolutely with my right hon. and learned Friend the desire to bolster the powers of the House against the Executive, but in such circumstances I think that one could rely on the Home Secretary of the day to take a reasonable view on the appropriate use of the powers that the amendment would give to him or her.

The changes are necessary because of the worrying nature of the guidelines under which we operate. They are produced for the police, and go under the spectacularly opaque title "Retention guidelines for nominal records of the police national computer", which could almost have been designed to stop anyone finding out what the guidelines are for the use of DNA—a rather important term that the document carefully refuses to mention in its title. Frankly, the guidelines are draconian. They state:

> "Chief Officers have the discretion to authorise the deletion of any specific data entry on the PNC 'owned' by them."

It is interesting that when a person's data are entered on to the PNC, they are owned by the police. The guidelines continue:

> "They are also responsible for the authorisation of the destruction of DNA and fingerprints associated with that specific entry. It is suggested that this discretion should only be exercised in exceptional cases."

According to the guidelines, the discretion to destroy the information will rarely be exercised, which in itself is enough to raise eyebrows. The guidelines later state:

> "In the first instance applicants should be sent a letter informing them that the samples and associated PNC record are lawfully held and that their request for deletion/destruction is refused".

Therefore, the standard guideline is, "Just say no, you can't have your records deleted." The last paragraph of this part of the guidelines states:

> "It is not recommended that any proactive exercise is undertaken to determine potentially exceptional cases".

The police are therefore being told in their guidelines first that everything must be exceptional, and secondly that their first and standard response should be to say no. Indeed, elsewhere in the guidelines—I shall not detain the House by reading this out—is the standard template letter of refusal, in case the police cannot work out how to write a refusal letter. On top of that, they are instructed not to make any effort to tell people what they can do or what criteria they might have to fulfil to get their records out of the system. That approach is not satisfactory.

Compounding that, an example is given for those who want to know what an "exceptional case" is. It is the only such example in a 236-page document of what might be an exception. I shall quote it in full:

> "For example, where a dead body is found in a multi-occupancy dwelling and the cause of death is not immediately obvious. All the occupants are arrested on suspicion of murder pending the outcome of a post mortem. All arrested persons are detained at the local police station and samples taken. It later transpires that the deceased person died of natural causes. No offence therefore exists, and all persons are released from custody."

That is the only example given in the guidelines of an allowable exception. The House will recognise that that is an absurdity and that the guidelines are clearly not an acceptable way in which to proceed.

David Davis (Haltemprice and Howden) (Con): Is not the reason the guidelines are so presumptive in favour of keeping such data that the Government mistakenly believe that they get a large advantage when it comes to solving crimes? In June, the Prime Minister made a speech in which he said that 114 murders had been made solvable and that murderers had been taken off the streets because of the breadth of the database. It would be better if we could have more information on that so that we could see the exact truth of the matter, because I believe that that was an over-estimation.

Damian Green: My right hon. Friend makes an important point that the Minister may wish to address. The Prime Minister appeared to be equating DNA matches with successful prosecutions, but the figures that he quoted were for DNA matches. The House will know that that does not equate to successful prosecutions or, therefore, to successful crime-fighting.

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): It might help the hon. Gentleman if I tell him that the question posed by the right hon. Member for Haltemprice and Howden (David Davis) came up this morning when I was giving evidence to the House of Lords Constitution Committee. I undertook to look into the matter and to write to the Committee with the relevant information. I cannot give the House that information now, but it might be helpful for hon. Members to know that, given that the right hon. Member for Haltemprice and Howden has given his apologies for having to leave early.

1 pm

Damian Green: I am grateful to the Minister for giving us that assurance and I am sure that we would all be grateful if he included others when sending out that letter. I am glad that he has been made aware of this issue.

There are ways of improving the situation. Our amendment represents one, but I hope that the Minister will also take seriously the first annual report of the ethics group on the national DNA database—the NDNAD—which was set up by the Government. It makes a large number of recommendations on how to improve the situation, but I will concentrate on just three of them. One states:

> "For those members of the public who are believed to be innocent at the time of sampling and voluntarily donate their DNA to help the police with their enquiries, the presumption should shift to an expectation that these samples will be used only for the case under investigation, that the profile will not be loaded onto the NDNAD, and that the samples and all data derived from them will be destroyed when the case has ended."

I hope that the Government will take that on board. A further recommendation states:

> "A clearer, simpler and less cumbersome process needs to be put in place to enable those who wish to appeal against the decision of a Chief Constable to retain their DNA profile on the NDNAD."

I am sure that anyone who has gone through the guidelines will find that proposal reasonable. A third recommendation that I want to press upon Ministers is:

> "Consideration should be given to further public clarification of the role of the NDNAD and reinforcement of the message that it is intended only to be used for criminal intelligence."

I am sure that my right hon. Friend the Member for Haltemprice and Howden (David Davis) would agree with that. Ministers would do well to take on board those recommendations from the ethics group.

In addition to commending our amendment to the Government, I should also like to commend some of the principles suggested by the pressure group Liberty on how we should balance human rights principles with the necessity for an effective fight against crime and terrorism. As well as advocating the overarching principle of the proportionate retention of DNA, which I strongly support, Liberty suggests that three further principles be taken into account:

> "The relevance or probative value of DNA to the type of crime in question.
>
> The potential propensity of the trigger offender to future crime of a relevant nature.
>
> The gravity of both trigger offence and the type of crime feared in the future."

I hope that the Minister will be able to look at those principles, as well as seriously to consider our amendment, which would help the process of putting DNA evidence on a proper footing, and therefore help in the fight against terrorism in the long term.

Keith Vaz: I am happy to follow the hon. Member for Ashford (Damian Green). The Opposition have tabled a very sensible amendment, and I am sure that my hon. Friend the Minister will deal with it sensibly. This is a very important issue, and those in another place were right to understand the importance of retaining information and of removing it when its retention is unnecessary.

At the end of last year, the Home Affairs Select Committee published an important report entitled "A Surveillance Society?". I see that the hon. Member for Newark (Patrick Mercer) and my hon. Friend the Member for Luton, South (Margaret Moran) are in their places today. They were co-authors of that report. In it, we spoke firmly in favour of data minimisation. Of course Governments have to have such information, and our security services have to retain it. The police need it, too, in order to catch criminals. The problem is that such data are retained on innocent people. At the moment, the profiles of 4.4 million people are on the DNA database, according to information that I have been given. About 1 million of those profiles relate to children, some of them very young children. Of course, the consent of a parent is required to take and retain such data, but the fact is that that number of profiles is being retained at the moment. There must therefore be an efficient, transparent and easy-to-follow way for innocent people to apply to have their DNA record removed from the database. If they are not part of any criminal proceedings and have done nothing wrong, it is wrong in principle that that information should be retained.

Mr. Hogg: Will the right hon. Gentleman address a further point? I accept, of course, that a person who is innocent at the moment will feel affronted by the fact that their DNA is on the national database. However, that person might subsequently go on to commit a serious offence. I have come across such cases through my own professional experience. Why should we wish to deny the prosecuting authorities such an important detective tool?

Keith Vaz: I am reluctant to enter into a discussion of this nature with the right hon. and learned Gentleman, because he knows so much more about the criminal justice system than I do. I am sure that he has come across many examples involving this requirement. However, this is the same argument that Home Office Ministers have put forward whenever this point has been raised at Question Time. Either we retain these data for the whole country or we cover only those who are charged with offences. I am against covering the whole country—I hope that the right hon. and learned Gentleman would be against it, too—because it would be an unnecessary burden on the citizen and because of the many cases of the loss of data that have occurred in the past 10 years. If we have a database that contains information on 60 million people, at some stage, bits of it, or perhaps the whole lot, could get lost—through no fault of Ministers, of course. Such a system would encourage loss simply because of the amount of data being held.

That is why I am against such a proposal. It represents a dangerous argument. There is, however, a high number of profiles of ethnic minority people—Afro-Caribbean people in particular—on the database. Some judges have suggested that, because it is unfair that so many young black people are on it, it might as well cover everyone, as a way of being more fair. I do not think that that is the right approach. We should not retain more information because we need to justify an argument.

One of my constituents came to see me recently. He had been out with his friends one evening, and they had gone to a pub. There was a fight outside the pub, and a

[Keith Vaz]

young girl was being harassed by a man. My constituent intervened to prevent the fight from developing further. The police were called, and everyone was arrested. Everyone's DNA sample was taken. The police subsequently released my constituent, saying, "Thank goodness he intervened. He prevented the violence against the woman from being exacerbated." He wrote to the police asking for his DNA sample to be removed from the database, but the reply that he received was, frankly, pathetic. The sample remains on the database.

The shadow Home Secretary, the hon. and learned Member for Beaconsfield (Mr. Grieve), is known as a have-a-go hero. I can well imagine him removing his shirt and jacket to reveal a big "S" or a big "D" on his vest, and intervening to stop a crime being committed. The police would arrive at the crime scene and take everyone's DNA. It would be put on the database. How would the hon. and learned Gentleman, clearly an active citizen and an innocent person, apply to have his data removed?

This is a crucial issue, and it is not enough for the Government to advance the arguments that they have advanced in the past—namely, that we have to retain this information because people will, at some stage in their life, commit an offence.

Mr. Dominic Grieve (Beaconsfield) (Con): One of the things that has struck me forcefully, as a constituency Member of Parliament, is the apparently arbitrary nature of the decision on whether or not to accede to a request to remove DNA from the database. On the occasions on which I have made representations on behalf of innocent constituents who have had their DNA taken, it appeared that the only possible rationale behind the decision making was whether the matter was likely to cause embarrassment to the police because of the surrounding circumstances. I do not think that that is an adequate basis for making such a decision, and this reinforces the right hon. Gentleman's point that we need a proper system.

Keith Vaz: I do not disagree with anything that the hon. and learned Gentleman says. We do need a proper system, and the present system is totally inadequate. At the very least, if we had letters in reply to reasonable requests, providing information to the person who has asked for his or her profile to be removed, I could understand it. As it is, this is the first time that I have heard the guidelines as they were read out by the hon. Member for Ashford. I did not realise that although everyone is told that they have the right to have their DNA removed, it is only in very, very exceptional circumstances that it will be so removed. I am minded to vote for the Opposition's amendment, unless the Minister gives a clear sign to the House that the Government will radically alter the current guidelines on removal.

Margaret Moran (Luton, South) (Lab): While I will not follow my right hon. Friend into the Lobby on this issue, does he agree that it is important that we have consistency as well as transparency? There is a porous border between Hertfordshire and Bedfordshire and crimes are sometimes committed in the former by my constituents, and their DNA is taken there. I have received conflicting advice from those two police authorities about removal, and it is not acceptable that my constituents should be subject to variable responses on removal depending on the interpretation of the guidelines by chief constables.

Keith Vaz: I agree with my hon. Friend, and I am surprised that she will not be following me into the Division Lobby. Sometimes we have to take a stand on issues of principle.

Mr. Crispin Blunt (Reigate) (Con): Hear, hear.

Keith Vaz: I note the encouragement from the Opposition Whip. However, the Minister may say something wonderful that reassures me. He may say that he will write tomorrow to every chief constable to say that people should always get a response to their requests for removal and that the guidelines will be changed.

This is an important issue. Hon. Members may have seen the film "Minority Report", in which so much information is gathered by computer—including DNA profiles—that police officers and SWAT teams arrive just before a crime is committed. They lock the person up even before the crime is committed. Goodness knows how that would affect the shadow Home Secretary if he went around the country trying to protect us from crime.

This is a very serious subject, but as soon as I say that the Minister starts talking to a colleague on the Front Bench. It is an important issue—it will not be good enough for the Minister simply to say that we need this information because people might commit crimes in the future. Nor will it be good enough to say that people can apply to the authorities, because such requests are not answered. The hon. Member for Hammersmith and Fulham (Mr. Hands) is not in his place and I had not intended to raise his case today, but he has been trying to get this information removed for months. Even I have written to the Home Secretary and asked what is happening in that case, but she has not replied. That silence is unacceptable, and we need some clear guidance or assurances. If the Minister cannot supply that, I will vote against the Government on this amendment.

Chris Huhne (Eastleigh) (LD): The Liberal Democrats welcome many of the concessions that the Government have made since we last debated this Bill. It is a shame that they could not have made those concessions earlier and prevented the ugly scenes and arm-twisting we saw when the 42-days provision was passed in this Chamber by the narrowest of margins.

On Second Reading, I said that we would fight tooth and nail against illiberal provisions on 42-days' detention without charge and on abandoning juries in coroners' courts. I am glad that, with the help of the official Opposition in the Lords, we have been able to see off those proposals and that the amendments passed in the other place on them will be supported on both sides of this House.

1.15 pm

On the specific amendment tabled by the hon. Member for Ashford (Damian Green), the Lords amendment calls for national guidelines, and that would allow the Secretary of State to vary the guidelines for different agencies, should he or she see fit.

Mr. Hogg: Does not the Lords amendment have the great advantage—in so far as I have correctly understood it—that the Secretary of State must subject all Government agencies to the requirements, rather than picking and choosing between them?

Chris Huhne: I agree, and the amendments tabled by the hon. Member for Ashford would introduce an element of subjectivity into what the Secretary of State could do, which we do not want to see introduced. We would prefer the unalloyed Lords amendment.

Mr. Heath: I am glad and, given what I said earlier, relieved that my hon. Friend is taking that position. The only argument for supporting amendment (a) would be if the Government were to make it clear that they would drop their motion to disagree if that amendment were to be passed. If not, all that amendment (a) would do is water down the amendments made in the other place, which I wholeheartedly support.

Chris Huhne: My hon. Friend is, as always, a master tactician, and I entirely agree that were the Minister to make it clear that the Government would be prepared to accept the Lords amendment with amendment (a), we would be happy to support that.

Damian Green: One of the effects of the unalloyed Lords amendment would be that terrorist suspects would be entitled to the available information about themselves. There may be circumstances in which that would be extremely regrettable.

Chris Huhne: In fact, the guidelines make it clear that if the case is still under investigation, that objection will apply, but if the case is no longer under investigation—if the DNA has been found at the scene of the crime but the crime has been cleared up—the DNA will be taken off the database. The hon. Gentleman's objection is not a real one.

Prompted by my hon. Friend the Member for Somerton and Frome (Mr. Heath), I reiterate to the Minister that if he were minded to accept the Lords amendment and the Conservative amendment, we would be happy to support that.

Simon Hughes (North Southwark and Bermondsey) (LD): It is completely misconceived to argue that we need the qualification proposed by the Conservatives to deal with a category of people. Categories of people can be dealt with in the regulations as they cover the range of agencies, so the proper concern of the hon. Member for Ashford (Damian Green) can be better addressed by retaining the Lords amendment as it is, rather than by modifying it in the way he suggests.

Chris Huhne: My hon. Friend makes a good point, and it is similar to the point that I started by making—that the Secretary of State is not required to lay down the same guidelines for all Government agencies, but can vary them. At the least, amendment (a) is otiose, but if Ministers were minded to accept it, I would be happy to support it.

The Lords amendment is sensible and moderate, and it helps to clarify the real problem, which is that the Government do not have a policy on acquiring DNA samples for the database. In reality, a sort of clattering train picks up bits and bobs here and there in a completely random manner.

If I were one of the nearly 1 million innocent people on the DNA database, I would rightly want to get my sample off it. I do not think that the Government should be going on fishing expeditions to bang on bits of extraneous information about citizens merely for the sake of it. Frankly, I would be more inclined to support the Government if they were to target the 2 million convicted criminals who were convicted before the database began and who do not have their DNA samples on the database. If the database was genuinely a database of people who had been convicted of a crime, that would seem to me to be a perfectly fair principle on which to proceed. However, we have 1 million innocent people on the database and 2 million who ought to be on the database but who are not because their convictions happened before 2001.

We have not heard any evidence from the Government that the increase in the numbers of people acquired randomly whose samples are on the national database has led to an increase in the number of successful convictions. We have heard a number of wild assertions and I was pleased to hear the Minister say that he would try to come up with information to test them, but despite the huge increase in the size of the database, the number of successful convictions using DNA has hardly altered. We are putting all the extra samples in, which happens at some cost to the ease with which the database can be manipulated and increases the chances of making an error, which could be extremely serious for any individual concerned, yet we are getting no serious increase in the number of successful convictions using DNA.

I believe that the Lords amendment is a first step towards putting our use of the DNA database on to a sensible footing. I hope that the House will support it and I will listen to the Minister's response to see whether we should support the amendments tabled by the hon. Member for Ashford. If the Minister is minded to accept the Lords amendment with those amendments, we will do so, too.

Mr. Hogg: I am rather torn both on the amendment and on the Lords amendment. I hope the House will accept that I approach most criminal justice matters from within the libertarian wing, so I am conscious that some of the views that I will express are not those that I would normally express in this context. I suspect that they are not shared by those on my party's Front Bench or by most of my hon. Friends. So far as the amendment moved by my hon. Friend the Member for Ashford (Damian Green) is concerned, I am bound to say that my preference is for the Lords amendment.

It seems to me that the disadvantage of the amendment tabled by my hon. Friend is that it would enable the Government to choose which agencies will be the subject of the procedures envisaged in the Lords amendment. My hon. Friend has a perfectly decent reason to be worried, as his coda to agencies is based on the question of whether possible terrorist suspects will get information that they should not have.

Such a fear is perfectly realistic, but it seems to me that at least two responses can properly be made. First, we could so construct the secondary legislation as to enable the Government to defuse that risk by the contents

[Mr. Hogg]

of the regulations, on which we could take a view. It seems that that would protect the interests about which my hon. Friend is concerned. Secondly, I am very cautious about giving discretionary power to a Secretary of State because, at the end of the day, we need to cling to the principle that once power is given to any official or to the Executive, it is certain to be abused on occasion. Therefore I do not feel comfortable with my hon. Friend's amendment and am not minded to vote for it if he presses it to a Division.

That takes us to the Lords amendment. Again, I confess to being torn. There are advantages and disadvantages. Perhaps I could identify them and then suggest the proper view. The advantage of the Lords amendment is that it brings consistency—or is capable of bringing consistency—by the publication of the procedures. I think that it is undesirable that varying police forces should have different approaches to the issue of removal and disclosure. I see great merit in it being said that police forces across the country should operate according to a common code. That is the advantage. It is a considerable advantage and I do not want to pretend otherwise.

The disadvantage is that the amendment is a marked move away from the proposition that we should have an ever-expanding database, perhaps moving to a national database. I want to say a word about that, if I might, before I come to a conclusion. I recognise that there are serious disadvantages and arguments to be deployed against a national database, particularly a DNA one.

The advantage of a national database, leaving aside all other issues, is huge. It is not only the most effective single detective weapon currently available to the enforcement agencies but is a huge deterrent in itself. I did a case two or three years ago involving a very bad rape, and the rapist was discovered only because 10 years after the event the police were going through old samples that they then could not profile and now could and they happened to discover the rapist on the database.

If one projects such an idea forward, one appreciates that many potential criminals, such as rapists, will be conscious that they leave DNA samples on the site. That is a huge deterrent. It is not only a detective instrument but a deterrent, especially as the forensic scientists become more skilled in gathering DNA. Low-copy profile DNA, for example, can operate on very small samples, so such profiling is a huge deterrent as well as a detective instrument. I suspect that it is the single most effective measure that we can adopt to decrease crime.

On the other hand, I acknowledge that there are serious civil liberty issues to debate, although I am not persuaded by them. There is no question but that we need to debate them. There are huge costs involved and I have no doubt that there are huge practical difficulties to resolve. I have not come to an absolute conclusion, but we should not shut the door on the debate. The question of whether we should move gradually towards a national database is very important.

Mr. Grieve: The last thing that we are seeking to do is to shut off the debate. Indeed, as my right hon. and learned Friend will appreciate, the purpose of these amendments is to enable a further debate to take place, which is the very thing that we have not been getting. I take his point; there are arguments. Indeed, Lord Justice Scott put forward some persuasive arguments about why there should be a national database that included even people who came into this country as visitors and who should be obliged to provide their DNA at the airport at the point of entry. Such arguments can be made, but there is something extremely unhappy about a situation in which innocent people go on to the database at random and feel a justifiable sense of grievance as a result.

Mr. Hogg: I am not disagreeing with my hon. and learned Friend. The conclusion to which I am going to come is that we can support the Lords amendment. My point at this stage is that the House and the country as a whole should have a serious debate about the desirability and practicality of a national database. I do not pretend that I have come to a wholly concluded view, because I think that the civil rights arguments might be more powerful than I currently deem them to be. I also question whether we can wholly exclude the risk of wrongful convictions based on DNA and I ask what safeguards should be incorporated. There are very important issues to be reflected on, but we should debate seriously the use of the database and I am very uncomfortable with anything that impliedly stands against it.

1.30 pm

Chris Huhne: Is the right hon. and learned Gentleman aware that the very substantial increase in the number of samples on the DNA database has not led to an increase in the number of successful convictions? That tends to weigh quite heavily against some of the points that he was making in favour of a potentially nationwide database.

Mr. Hogg: I think that one needs to look at the statistical arguments a little more closely, as that is surprising and one would expect the number of convictions to rise. The figures do not address the issue of deterrence, although they do question the database's effectiveness as a detective tool. However, we need to know more about the statistical base before we draw too many conclusions from the hon. Gentleman's observation.

As for Lords amendment No. 2, I accept that my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve) is right to say that it would enable a debate to be had, because an ability to lay regulations does trigger debates. Moreover, as I said earlier, it also has the great advantage in that it would bring consistency.

My conclusion, therefore, is that we should not accept the amendment moved by my hon. Friend the Member for Ashford (Damian Green), unless he persuades me that I am wrong in my interpretation. I believe that we should accept Lords amendment No. 2 because it would provide consistency and trigger a debate. At some due time, and in an appropriate way, this House really must return to the question of whether we should have a proper national database of DNA samples.

Simon Hughes: I begin by apologising to the Minister for the fact that I was at an event elsewhere in the building and so missed his introductory remarks—

Chris Huhne: He has not made any yet.

Mr. Coaker: I have to tell the hon. Gentleman that I missed them as well!

Simon Hughes: That is good, as we will be at no mutual disadvantage. I therefore redirect my apology to the hon. Member for Ashford (Damian Green).

I want to make two points in addition to those made by my hon. Friend the Member for Eastleigh (Chris Huhne) and the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg). The first has to do with the disadvantage of the present system and picks up a point made by the hon. Member for Luton, South (Margaret Moran). At the moment, the police are often hugely discredited in the eyes of law-abiding members of the public by the arbitrary way in which samples are collected and the uncertainty of what then happens to them. I shall give an example that comes from the sort of constituency experience shared by many hon. Members.

I have in my constituency a family—professional parents, teenage daughters—who are entirely well respected. The incident that I am about to relate took place within the Metropolitan police area but outside our borough. The daughters were stopped when in a car being driven by someone else, and samples were taken. It appears that the driver had either a previous charge or conviction, but the teenage girls had no previous criminal record.

It took about a year to get a decision from Lewisham's borough commander—I was eventually told that it would be his decision—that the girls' samples would be removed from the DNA database, which would not show their involvement in the incident. There was huge uncertainty in that period, and no courteous, timely, prompt or helpful series of responses.

The girls involved happened to be black, and they have one black and one white parent. It is difficult enough for black teenagers in London to have confidence in the police, and this experience did not help those young women or their parents in that regard, suggesting as it did that the police were more interested in collecting data than in seeing justice done by those absolutely innocent young women.

First, the present system allows data to be collected and retained in respect of people who are never charged, let alone convicted. In my book, that is wrong in principle. Secondly, the system is arbitrary in its operation and subject to no guidelines, and that is really unhelpful on the street. The Minister knows that, as he is a man of the people: he was out with me and others on the anti-knives march; he understands how real people think and talk and his constituency is very like my own. He knows that I am talking about ordinary, law-abiding people in real circumstances, not academics with doctorates—

David Howarth (Cambridge) (LD): There are many people with doctorates in my constituency.

Simon Hughes: There are lovely people with doctorates and, as one would expect, many are the constituents of my hon. Friend the Member for Cambridge (David Howarth), but we are not talking about them.

My second point follows on from what the right hon. and learned Member for Sleaford and North Hykeham said. I also understand that there is a debate to be had about the relative merit of holding samples as against not holding them. However, it seems to me that proceeding in a logical direction means we should heed the advice and the recommendation given by my hon. Friend the Member for Eastleigh—that is, that we should first seek to hold samples and data on the people who have a criminal record. That must be the first step, as all the evidence in criminology and criminal justice is that people who have previously offended have a propensity to offend again. The majority of citizens are innocent and non-offenders, while the minority—sadly—are either occasional or recurrent offenders.

It is not logical to move to a presumption that a general holding of data is now the right step to take. In that respect, the Government's view is as flawed as their approach to ID cards. There is an argument that everyone in the country should have an ID card and be required to produce it whenever they are stopped. Many other European countries have that system, but there is absolutely no argument for a system that would require people to have an ID card but not to carry it with them. That is the Government's current position, and it is entirely illogical.

I anticipate that there will be a Division on these amendments. I hope that the right hon. and learned Member for Sleaford and North Hykeham will come down on the side of Lords amendment No.2, but unamended by his Front-Bench colleagues. That is the best option available, as it proposes that, at least for the time being, we should have a system whose structure means that people in Bedfordshire or Hertfordshire, Lewisham or Southwark could expect the same set of procedures. Those procedures would determine who collected the data and when, what was held, how the information could be requested, how people would be responded to and what the criteria were for any decision.

My vote will be that data should not be retained on samples taken from people who are not charged or who are innocent. That must be the right starting point, and I hope that colleagues will vote for the Lords amendment on that basis.

Mr. David Jones (Clwyd, West) (Con): When Baroness Hanham moved the Lords amendment in the other place she said that her aim was

> "to try to spark a national debate about the retention of samples and to inform the public about what information is being held on them."—[*Official Report, House of Lords*, 4 November 2008; Vol. 705, c. 132.]

If this debate is anything to go by, she has certainly succeeded in her aim—if only by virtue of the contribution from my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg).

There is considerable disquiet throughout the country, and certainly throughout the House, about the extent of the database. We have heard already that the details of some 4.5 million individuals are currently kept on the database, which is growing at the rate of more than 500,000 entries a year. In a parliamentary answer only last month, we heard that some 857,000 individuals with no current convictions also have their data stored on the computer.

Clearly, no one has any quibbles about the existence of the database, which has proved itself to be an exemplary tool in fighting crime. However, there is disquiet about its extent and, especially for the purposes of this debate, about its opacity when people seek access to the information that it contains and apply to have information removed.

[Mr. David Jones]

As my hon. Friend the Member for Ashford (Damian Green) said, the only guidance appears to be that contained in the Association of Chief Police Officers "Retention guidelines for nominal records on the Police National Computer". As he also said, it is a masterwork of opacity: it appears to be designed to defeat the efforts of the very best Googler, and I certainly had huge difficulty finding it on the internet earlier this week.

We have heard that the guidelines are clear to the extent that they positively advise obfuscation. They say that the first response, which is to be automatic, to a request for destruction is to refuse it without further consideration. However, we are told that if the applicant persists, the chief constable for the relevant force is to make the decision, yet the guidelines make it abundantly clear that the discretion vested in the chief constable is to be exercised only rarely. We are told that there is a library of precedents to which chief constables can have access when deciding the basis on which to make their decision, but that library—as far as I know—is not available to the public.

Like the right hon. Member for Leicester, East (Keith Vaz), I have constituency experience of trying to remove a constituent's details from the database. The incident involved a retired senior police officer who had been charged with a serious offence of misconduct in public office. The investigation and the period before trial took eight months; needless to say, it was a period of extreme anxiety for my constituent and his family. Ultimately the case came before Chester Crown court, where it collapsed in circumstances that can be described only as complete disarray on the part of the prosecution. Subsequently, my constituent, who had suffered extreme trauma as a result of the experience, tried to have his name removed from the database. We are talking about digitised details of the very essence of an individual—in this case, a completely innocent individual who had been exonerated by the Crown court yet who nevertheless found that his data were on the national database in the company of the biometric data of convicted rapists, terrorists and murderers. Understandably, he wanted his details removed.

In response to my request, I received a letter from the chief constable of North Wales police. The letter broadly followed the template that my hon. Friend the Member for Ashford mentioned—template A in appendix 2 to the ACPO guidelines. It followed the guidelines almost word for word, except that at one particular juncture the chief constable decided to ski off-piste. He said:

> "The Criminal Justice and Police Act 2001 amended the Police and Criminal Evidence Act 1984, providing the police in England and Wales with the power to retain DNA samples and fingerprints, relating to persons following acquittal at court or other discontinuance of a case.
>
> I must admit to being personally surprised by this decision and I am not sure parliament fully understood the implications of its decision. However, the Act is clear enough and I am bound to act by its provisions."

In other words, it would appear that the chief constable of North Wales police decided to enter the debate about the retention of DNA ahead of the House. He clearly thinks that the current legislation is nonsense. His letter continued:

> "If I were to exercise my discretion in this case, then I would have to exercise my discretion in similar cases, thus it would not be a rarity."

There is, therefore, almost no circumstance in which a chief constable will exercise that discretion, which is a lamentable state of affairs. Clearly, the present arrangements are opaque and unsatisfactory.

Mr. Hogg: I entirely understand the point my hon. Friend is making. The lack of opacity is a powerful argument, as is the lack of consistency and perhaps the lack of a statutory basis for the arrangements. Bearing in mind the fact that all criminals were once people of good character—to use the technical phrase—is it a matter of principle to him that the DNA of an innocent person should not be on a database? If so, what is that principle?

1.45 pm

Mr. Jones: Personally, I feel that as a matter of principle the DNA of an innocent individual should not be kept on the database. My view is that the database is a tool to be used in the fight against crime and there should not be a presumption that information about innocent individuals should be on such a database. There is of course a strong argument for putting every individual in the country on the DNA database. That is part of the debate. I happen to take the contrary view; however, in this debate we are concerned about consistency and transparency, and as we have inconsistency and opacity at present, I strongly support the amendment. It would put in statutory form provisions for guidelines that Government agencies could access and which gave consistency of approach to those who may be aggrieved by the presence of their DNA on the national database.

At present, however, the issue of whether DNA records should be removed from the database may depend in some cases on nothing more than the state of digestion of the relevant chief constable. That cannot be a healthy state of affairs, so I strongly support the amendment.

Mr. Coaker: I thank all Members who have contributed to this important debate about the DNA database, DNA more generally and what is right or wrong in how things are done at present. As some Members said, whatever the rights or wrongs of the amendments, they have generated debate and a discussion of the rights and wrongs of the policy, not only in this House but in the other place. I shall try to cover the various points made by my right hon. Friend the Member for Leicester, East (Keith Vaz) and other Members, but no doubt if I miss anybody out they will intervene.

I beg to move that the House disagrees with the Lords in their amendment No. 2, which would, as we know, add a new clause 14.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We have to dispose of the amendment before the Minister moves the motion to disagree. At the appropriate moment, I shall find an opportunity to call on him to do so.

Mr. Coaker: In that case, I shall turn to the amendments proposed by the hon. Member for Ashford (Damian Green). We recognise the concerns about the existing retention policy. The hon. Gentleman has tried to show that new clause 14 would actually include the security services. I realise that is a point of dispute, but the guidelines, as proposed, would apply to samples taken by Government agencies, and would thus include samples acquired during terrorist investigations.

Chris Huhne: Does the Minister accept that if, for example, the guidelines made it clear that in an ongoing investigation it was perfectly legitimate for Government agencies to hold DNA found and identified at the scene of a crime—terrorist or otherwise—it would meet his objection?

Mr. Coaker: I think the hon. Gentleman is now trying to qualify the problems with the new clause. In this instance, I agree with the point made by the hon. Member for Ashford. The hon. Member for Eastleigh (Chris Huhne) can ask why we do not do this or that, but in effect if we agreed to new clause 14 we would in primary legislation be allowing circumstances in which DNA samples from terrorists could be used, and in that sense we could damage the capacity and capability of the security services.

Mr. Hogg: My understanding of subsection (1)(c) of the proposed new clause is that it would enable the Secretary of State to establish circumstances in which the request was refused. One would have thought that the regulations provided sufficient latitude, under that specific provision, to enable sensitive information to be withheld.

Mr. Coaker: All I can say is that there is doubt in the mind of the security services and those who have responsibility for these matters. Indeed, the right hon. and learned Gentleman's party's Front-Bench spokesmen and many of his colleagues accept the concerns that have been expressed about the fact that primary legislation would be put on the statute book containing provisions that theoretically and practically compromise the security services' ability to act.

Simon Hughes: May I say to the Minister, respectfully, that he has been badly briefed? That cannot be the interpretation—to be blunt, that is a completely extended interpretation. The new clause that has come from the Lords states:

> "The Secretary of State shall by regulations publish national guidelines for governmental agencies".

That allows thereafter the definition of the governmental agencies to be covered by the guidelines. That is the first point. The second point is the one picked up by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg)—that proposed new subsection (1)(c) allows the possibility of qualifying that. For two reasons, therefore, what the Minister fears would not happen and need not happen. He really should not try to persuade us otherwise, based on a very poor briefing and a poor argument.

Mr. Coaker: I do not regard the briefing that I received as very poor. No doubt the hon. Member for Ashford received the same—extremely worrying—briefing as I did, and that is why we have reacted as we have.

Responding to the broader debate, we recognise that there are concerns about the present retention policy, but there is strong and convincing evidence to support the current approach. I shall come to that shortly, but first I remind the House that statute in this area under the Police and Criminal Evidence Act 1984 has been considered by Parliament twice within the past seven years. First, the Criminal Justice and Police Act 2001 amended PACE to allow DNA and fingerprints taken from those charged to be retained indefinitely. The amendments arose from decisions in the Court of Appeal relating to two cases in which compelling DNA evidence linked one suspect to a murder and another to a rape, but could not be used, and neither man could be convicted. That happened because at the time the matches were made, either the defendant had been acquitted or a decision had been made not to proceed on the offences for which DNA profiles had been taken. Secondly, the Criminal Justice Act 2003 amended PACE to allow the police to take DNA and fingerprints without consent from anyone arrested for a recordable offence and detained in a police station.

The provisions of the Criminal Justice and Police Act gained Royal Assent on 11 May 2001. According to the most recent figures that we have, between that date and 31 December 2005 there were approximately 200,000 DNA profiles on the national DNA database that would previously—before the 2001 legislation was enacted—have had to be removed because the person had been acquitted or the charges had been dropped. Of those 200,000 profiles, approximately 8,500 profiles from some 6,290 individuals have been linked with crime scene profiles involving nearly 14,000 offences, including 114 murders, 55 attempted murders, 116 rapes, 68 sexual offences, 119 aggravated burglaries and 127 offences of the supply of controlled drugs.

I take the point that a number of Members, including the right hon. Member for Haltemprice and Howden (David Davis) and, I think, the hon. Member for Eastleigh have made. As I told the House of Lords Committee this morning, I will investigate further and share the information I find with the House. However, I agree strongly with the point made by the right hon. and learned Member for Sleaford and North Hykeham: it is important to consider the deterrent effect, as well as the links that are sometimes made with other crime scenes. Where I do not agree with him is on a national DNA database. We have tried to move forward in a proportionate and necessary way, without moving down the route of having a national DNA database.

The successful detection and conviction of offenders, combined with the absence of interference in the daily life of people on the database who do not commit crime, are compelling reasons to retain the existing approach. As the debate has highlighted, there is concern in some quarters about whether it is proportionate to retain the DNA of people not subject to charge or conviction. However, I think we should focus on the crimes that have been solved thanks to that DNA database. I am sure that the House agrees that that is compelling evidence, drawn from real events.

Keith Vaz: I am sorry, but I do not think that the Minister is answering the points made in the debate. He is certainly not answering our case, outlined by my hon. Friend the Member for Luton, South (Margaret Moran), that different chief constables decide to interpret requests differently. The position is shambolic; it must be tidied up.

Mr. Coaker: I will get to that point later. I was stating our belief that, in general, the policy is effective because it leads to crimes being solved that would not otherwise be solved. I would not do my right hon. Friend the discourtesy of not answering the specific points he made.

[Mr. Coaker]

The position on the current statutory provisions was upheld quite strongly by the House of Lords in 2005, in the case of S and Marper *v.* R. However, the House will know that the matter is currently before the European Court of Human Rights. We have defended our decision, but we await the decision of that Court, which we understand may come before the end of the year.

The text of the amendment would require the Secretary of State to issue guidance relevant to all agencies holding DNA and fingerprint samples on the operation of their retention, use and destruction of fingerprints and samples. Let me say why the guidelines contained in the amendment are unnecessary. The rights of individuals from whom fingerprints and samples are taken by the police under PACE or under the Terrorism Act 2000 are already contained in guidance, including PACE codes C and D, the ACPO retention guidelines for nominal records on the police national computer, and guidance on subject access requests. However, let me say to my right hon. Friend and other hon. Members that I admit there is work to be done to publicise those rights more widely.

I undertake to work with the police to bring together the current guidelines covering the matters raised in the amendment, and to publish them more widely. The guidelines will need to be reviewed in the light of the outcome of the S and Marper case, and a PACE review is currently under way. However, I give my right hon. Friend an undertaking to ensure that the points that he and others have made are fed into the PACE guidelines review, so that we can improve the process.

Mr. Grieve: I am grateful to the Minister for those comments. Will he also ensure that if that work is carried out as he says it will be, some regard will be had to the Scottish system? It is worth pointing out that the system we are discussing is not ubiquitous to the entirety of the United Kingdom, and that the Scottish legal system succeeds in running a process whereby the DNA of innocent people is removed from the DNA database after—I believe—two years.

Mr. Coaker: I know that a different approach is taken in Scotland, and that is a matter for the Scottish Executive.

In an attempt to reassure my right hon. Friend the Member for Leicester, East, I repeat that we are trying to increase understanding and awareness of police powers and the rights of individuals. We know that work needs to be done on improving the notice of rights and entitlements provided to every person arrested and detained at a police station. As part of the PACE review, I will consider some of the points he made with a view to ensuring greater consistency across the country and less of the variation that he described. I shall also try to do something about some of the problems of unfairness that he highlighted. I hope that that goes some way toward meeting his concerns.

Keith Vaz: It certainly goes some way to meeting the objections that I raised. However, the point remains: if the only exception is to be that mentioned by the hon. Member for Ashford (Damian Green), I am not sure what rights the Minister is proposing to publicise. There are no rights in these circumstances. If the exception remains as it is, there is no point in a person writing in to exercise the rights that have been publicised. Is my hon. Friend giving me an assurance that the exception will be extended?

2 pm

Mr. Coaker: What I am saying to my right hon. Friend is that although I cannot predict the outcome of the review of the guidelines, I will ensure that we look into the points that he makes and the concerns that he raises, including his worry about variability and the problems that people have in getting their DNA deleted from the database once it is on it. Certainly, we will try to see whether more can be done about that. As he says, it is no good just publicising existing guidelines if there is no change to the situation. All that I can say to him is that I will look into the matter. I cannot predetermine the outcome, but his points are well made, and I will certainly consider them while the review is going on.

Margaret Moran: I thank my hon. Friend for the approach that he is taking on the issue. Will he ensure that when guidance is issued after the PACE review, the Home Affairs Committee will be able to take an overview of it? As points have been made about confidence, including public confidence, it is important that Members of this House are confident that there will be transparency and consistency. Will he indicate how monitoring will take place, so that incidents such as those to which I referred, in which different approaches were taken by different constabularies, can be reported and addressed, if there are failures?

Mr. Coaker: My hon. Friend makes some important points, but I cannot tell her what will happen as a result of the review, or make commitments that I am just not in a position to make. I can try to reassure her and my right hon. Friend the Member for Leicester, East by saying that I have heard what they have said about how the DNA database currently operates. I will look into the issues to do with the deletion of samples that are on the database. I will see that the concerns that have been raised are incorporated into the review. I will bear in mind not only what my right hon. Friend said about the need for change, but the points that my hon. Friend the Member for Luton, South made about the need for monitoring. I hope that that provides some reassurance.

Simon Hughes *rose—*

Mr. Coaker: If I may, I shall make some progress.

There is a further consideration that led us to the conclusion that we reached, aside from the position regarding the policy on the retention and use of fingerprints and samples. Lords amendment No. 2, inserted in the other place, would have serious adverse consequences for the retention and use of fingerprints and samples. Only samples held by the Security Service and Secret Intelligence Service would be covered, because the amendment refers to "governmental agencies". However, it does not cover the police, who are responsible for the retention of PACE samples.

Samples acquired covertly by the police or the security services and held on the counter-terrorism DNA database would be subject to the guidelines, so investigations could be compromised when people found out that they were under investigation through such requests. Amendments (a) and (b) to Lords amendment No. 2 seek to remedy that problem. I understand what the hon. Member for Ashford is trying to achieve with the amendments, but they do not achieve their aim. The amendments permit the Secretary of State to use discretion when deciding on the agencies to which the guidance proposed in Lords amendment No. 2 should apply. The discretion could be used to ensure that the guidance did not apply to the security agencies; the risk of terrorist investigations being compromised would therefore be mitigated. However, the amendments do not necessarily achieve that aim. Lords amendment No. 2 refers to "governmental agencies", which do not include the police, who hold the vast majority of fingerprints and samples. The amendment would actually exclude the police. I ask the House to reject the amendments.

Damian Green: I shall start by taking on the Minister's last point, which, frankly, I found bizarre. Unlike the Liberal Democrats, he and I agree that we should not, in any circumstances, compromise any covert activities that it is necessary for the security services to undertake. The distinction that the Minister drew between them and the police is precisely the distinction that I seek to draw in amendment (a). I do not think that the police should carry on in the way that they are enjoined to carry on by the current guidelines. I can see a case for secrecy for the covert agencies, but I can see no such case for the police. At least he recognises that distinction.

I hope that the Minister will also recognise that there was simply no support for the current system from any part of the House. Compelling contributions were made by the hon. Member for Luton, South (Margaret Moran), the right hon. Member for Leicester, East (Keith Vaz) and my hon. Friend the Member for Clwyd, West (Mr. Jones). There are practical examples from all over the country that show that the system is unacceptable and does not contribute to proper crime-fighting, let alone the fight against terrorism. Confidence in the system is reduced because of its arbitrary nature and inconsistency across the country. Too often, people simply do not understand the system because it is not transparent enough.

I should like to address one or two of the points made by my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg). He objects to the way in which the Home Secretary will be given the power to decide which agencies should be excluded. I simply point out to him that that the Home Secretary's decision will be public, so the House would have the chance to comment on, criticise and debate it. He asked on what principle we objected to the national DNA database, to which he is attracted. The principle is that the privacy of an individual should not be compulsorily intruded on by the state, except in the most extreme circumstances. It is the job of this House to try to protect people's privacy as much as possible, consonant with the proper running of society. A national DNA database, on which the private details of tens of millions of entirely innocent people would be put, offends that principle. In an era when the state does not appear to be able to keep private information safe, that principle is all the more important to us. I hope that he will reflect on that.

My right hon. and learned Friend made the point that every criminal was once of good character; I simply point out that the vast majority of people of good character remain of good character, and do not become criminals. They are entitled to believe that their privacy is valuable and that this House should seek to protect it.

Simon Hughes: May I push the hon. Gentleman on that? On a point consistent with that position, which I entirely support, does he agree that any guidelines should presume that police officers will remove samples in cases in which the person is innocent? That should be the presumption, rather than there being open discussion about it.

Damian Green: Yes, I agree with that. Innocent people should expect to be treated differently from those who have been convicted of an offence. I agree with the hon. Member for Eastleigh (Chris Huhne) that it is particularly absurd that we are collecting DNA from innocent people, but not from people who have been convicted of serious offences. That is one of the many absurdities of the current system.

In conclusion, I am grateful that, in all parts of the House, there is clear support for the principles behind amendment (a), whatever detailed objections people may have. I think that the Minister will realise, from the extent and force of the arguments expressed in this debate, that there is simply no support anywhere for the current situation. I therefore commend our amendment (a) to the House.

Question put, That the amendment be made:—

The House divided: Ayes 154, Noes 329.

Division No. 329] **[2.9 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Cameron, rh Mr. David
Carswell, Mr. Douglas
Clark, Greg
Clarke, rh Mr. Kenneth
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John

Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paisley, rh Rev. Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Ruffley, Mr. David
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Spicer, Sir Michael
Stanley, rh Sir John
Streeter, Mr. Gary
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaz, rh Keith
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Richard Benyon and
Mr. Crispin Blunt

NOES

Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burt, Lorely
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael
(Worcester)
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Holmes, Paul
Hope, Phil
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona

McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moore, Mr. Michael
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and
Chris Mole

Question accordingly negatived.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 277, Noes 209.

Division No. 330] **[2.23 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hillier, Meg
Hodgson, Mrs. Sharon
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally

Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and
Chris Mole

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clark, Greg
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C.
(Monmouth)
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh
Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
May, rh Mrs. Theresa

McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Spicer, Sir Michael
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaz, rh Keith
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. Richard Benyon and
Mr. Crispin Blunt

Question accordingly agreed to.

Lords amendment disagreed to.

Mr. Deputy Speaker: Before we come to the next group of amendments, I should offer a word of clarification to the House. A revised version of the white amendment paper has been issued, which affects this second group of amendments and the fourth group. The Government are moving to disagree to Lords amendment No. 133 and to agree to Lords amendment No. 113. The revised version should be available in the Vote Office for hon. Members if they have not already acquired it.

After Clause 80

Lords amendment: No. 106.

Mr. Coaker: I beg to move that this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendment No. 133 and the Government motion to disagree thereto, and Lords amendments Nos. 103 to 105, 107 and 132.

Mr. Coaker: As hon. Members will be aware, we share a common desire to resolve the issue of ensuring that an inquest can be held that is article 2 compliant and enables bereaved relatives and other interested parties to be involved to the extent that is necessary to safeguard their legitimate interests and to allow proper understanding of the circumstances of the death of the individual, while ensuring that sensitive material is properly protected. The issue of sensitive material arises in a very small number of inquests, but we need to ensure that the finder of fact can consider all the relevant material while ensuring that sensitive material, and the way in which that material was obtained, is protected from public disclosure. This is because disclosure could damage national security or ongoing police investigations.

In order to address this problem in relation to inquests, the Government's proposals, which we intend to bring forward in coroners legislation in the next Session, would permit the Secretary of State to issue a certificate requiring an inquest to be held without a jury if in the opinion of the Secretary of State the inquest will involve the consideration of material that should not be made public in the public interest, including to a jury or interested persons.

Mr. Hogg: I am interested in that statement. Is the Minister then saying that given the power to issue the certificate, intercept evidence will be admitted into inquests?

Mr. Coaker: Not necessarily. As the right hon. and learned Gentleman knows, where we go on intercept evidence is subject to considerable debate.

As a result of certification, the finder of fact would be a coroner rather than a jury, as already occurs in 98 per cent. of inquests.

Mr. Edward Garnier (Harborough) (Con): The Bill states, at the top of page 54:

"The Secretary of State may certify in relation to an inquest"

and so on. Does he carry on the certification process privately, or is it susceptible to counter-argument, and is his decision to certify justiciable? *[Interruption.]* Can I take him to court if I disagree with his decision?

Mr. Coaker: All these details have to be worked through.

Mr. Garnier: They should already have been worked through. That is the whole point about the drafting of the Bill. I do not wish to be unduly aggressive, but the Minister ought to able to answer my questions—if not right now, then having taken advice on them.

Mr. Coaker: I certainly will.

The coroner, who would continue to be a fully independent judicial office holder, would be security cleared to receive all relevant material. Only those parts of the inquest involving the consideration of material that should not be disclosed publicly would be held in private in the absence of the next of kin. Wherever possible, the inquest would take place in public with the next of kin, other interested parties and their legal representative present.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): What reassurances can my hon. Friend give to those next of kin in relation to this part of the Bill and the new coroners Bill? I deal with many Army families through the all-party Army deaths group, and they see

[Mrs. Joan Humble]

the coroner's inquest as their mechanism for getting to the truth of the death of their loved one. Can he reassure them that these procedures will give them the truth?

Mr. Coaker: The reassurance that I am sure other hon. Members want is that we will have discussions as that legislation goes through Parliament in the next Session. We will talk to my hon. Friend and have discussions with other hon. Members about its implications, and we will try to ensure that, as far as possible, we talk to them about the problems that they may raise. The only reassurance that I can give is that we will continue to discuss such matters with my hon. Friend and others.

Jeremy Corbyn (Islington, North) (Lab): Can the Minister tell me, one way or the other, whether it would be possible under the legislation that we are discussing today for a coroner's inquest to take place in which the family of the deceased would not know the evidence, so that it would be, in effect, a secret court?

Mr. Coaker: We are trying to take various aspects of the process out of this Bill, and some of the questions that my hon. Friend raises about inquests will be debated during the next Session of Parliament.

Jeremy Corbyn: I thank the Minister for that, and I understand that we are going to debate the matter in the next Session, but my concern is about what we are doing today. Are we about to pass legislation, if his proposals are agreed, that will in effect bring about secret coroners' courts?

Mr. Coaker: We are trying to ensure that we protect intercept material and other secret material. It is perfectly possible that in doing so, processes and procedures may be required where these things take place behind closed doors.

To answer the point made by the hon. and learned Member for Harborough (Mr. Garnier), the decision to certify can be judicially reviewed. I hope that that answers his point.

For those parts of the hearing that need to be held in private, the coroner will be able to appoint independent security-cleared counsel to the inquest who would represent the interests of the next of kin and probe sensitive material on their behalf during the private sessions, thereby ensuring that their interests are properly protected at all times.

Mr. Hogg: I am sorry to press the Minister, but I am not sure to what point he is now speaking. Is it the proposals for coming legislation, or is he saying that such proposals are in the Bill—because they are not? If he is talking about future legislation, that is jolly nice, but we have not yet seen it.

Mr. Coaker: I am trying to reassure hon. Members about where we are going with coroners legislation, and about the serious points that have been made. I therefore ask the House to agree with the Lords in their amendments Nos. 103, 105, 107 and 132, which would remove the provisions from the Bill.

Patrick Mercer (Newark) (Con): I am slightly confused about the endless series of permutations about intercept as evidence. Will the Minister quickly give us an update on where on earth that stands now?

Mr. Coaker: I certainly can. The hon. Gentleman will know that the Chilcot review established a number of principles for the programme of work to be done, and a number of right hon. Members on the Privy Council are taking that work forward. There are three phases of work, and we are reaching the end of phase 1. The Minister who preceded me in my post, now the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Harrow, East (Mr. McNulty), said that we would report regularly to Parliament on where we had got to with regard to the Chilcot review and intercept as evidence, and I can tell the hon. Gentleman that we will bring that report to Parliament in the not-too-distant future, to update Members. I hope that that is helpful to him.

Mark Fisher (Stoke-on-Trent, Central) (Lab): Pursuant to the point made by my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble), does the Minister accept that the families of the deceased may not be as happy as he hopes if an independent, security-cleared barrister represents their interests in cases where they cannot hear the evidence about how the person that they loved died? That is a quite human and understandable point, and the Minister has been a little blithe in saying, "Oh, it will be all right because they will have a security-cleared barrister who will work on their behalf." They want to hear it. A person that they loved has died; they want to hear the facts.

Mr. Coaker: Obviously, what is said is not meant to be a disrespectful statement. We are trying to balance the needs of soldiers' families—the needs of individuals—with the security of sensitive material. We are trying to strike a balance between the needs of state security and the need to be fair and reasonable to the families of soldiers.

2.45 pm

Jeremy Corbyn: I thank the Minister for giving way again; he is very generous. Is he aware that many people are concerned that inquests that take place where there is a jury are virtually always cases in which someone has died in police custody? Does he not consider the danger that when there is a death in custody there will be a temptation on the part of the authorities concerned to say, "We would rather this whole thing was not made public, therefore we will apply for a secrecy clause and the appointment of a specialist barrister who will not be able to disclose to the relatives the evidence held"? Does he not accept that a human element is involved with regard to soldiers' families and the point raised by my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), and a danger to society in granting such powers, which I do not believe are necessary?

Mr. Coaker: There is always concern and worry about such matters, and my hon. Friend is right to draw attention to them, but we are trying to strike a balance between state security and the need to ensure that an inquest can take place properly. A police shooting or a similar incident would be a difficult matter, but it is the balance struck between the two factors that is important.

Pete Wishart (Perth and North Perthshire) (SNP): The Minister is being generous in giving way. Will he clarify something for me, because we are getting confused about access to information, especially for families who have lost relatives who are soldiers abroad? As he will know, in Scotland, we do not have coroners' courts; we have fatal accident inquiries. However, coroners' courts still cover the deaths of Scottish soldiers abroad. Indeed, one of my constituents was subject to such an inquest. Can the Minister guarantee that there will be full disclosure of information to families so that they can understand the reasons behind such tragic deaths?

Mr. Coaker: We want as full a disclosure as possible, but I cannot guarantee that it would be possible to disclose every bit of information.

In answer to the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg), I point out that much of this debate will take place in connection with future legislation, which is part of the reason we agree with some of the Lords amendments. They take out many of the provisions concerned, which will allow us to discuss in the next Session many of the matters involved.

Mr. Heath: The Minister is intent on telling the House about future legislation, so I have one simple question about that. Will the future provisions relate only to matters of national security, or are the Government intent on extending them, as they did in the original draft of the Bill, to

"the interests of the relationship between the UK and another country"

or

"otherwise in the public interest",

which is a carte blanche for the authorities to do exactly as the hon. Member for Islington, North (Jeremy Corbyn) said?

Mr. Coaker: That will be a matter for future debate. The Government intend to take forward much of the legislation as it was drafted, but we need to have discussions with others about how we do so.

Amendment No. 106 would enable a High Court judge sitting as a coroner to require disclosure of sensitive material. The disclosure would not be limited to the coroner alone, but could also be made to the persons appointed as counsel to the inquest, members of the jury or to any properly interested person, such as bereaved families. While the amendment would, in principle, allow the jury as finder of fact to have access to all relevant material, it would do so at the expense of essential safeguards. It would create the potential for disclosure of all intercept material, regardless of sensitivity, to a wide number of people, thereby seriously undermining the ability to ensure the protection from public disclosure of sensitive intercept material and the capabilities and techniques by which it was obtained. The value of the techniques and capabilities would be diminished because targets would either know or could deduce when their communications might be intercepted and could take evasive action by using other, more secure means of communication. Such disclosure could undermine our ability to prevent future attacks or affect our ability to curb the activities of dangerous people.

It has been argued that disclosure as envisaged in amendment No. 106 would be no different from the existing disclosure permitted in criminal cases under section 18 of the Regulation of Investigatory Powers Act 2000. That provides for disclosure to a relevant judge in a criminal prosecution, when he is satisfied that the exceptional circumstances of a case make it essential in the interests of justice. However, that argument overlooks the difference between coroners' inquests and criminal proceedings. The effect of section 17 of RIPA is that neither party in criminal proceedings can rely on or refer to the fact of interception of an individual's communications and the product of that interception. That protects the continuing value of interception while creating a level playing field, in that neither the prosecution nor the defence can gain advantage from the interception.

However, cases may occasionally arise whereby the prosecutor considers that he cannot secure the fairness of the proceedings without assistance from the relevant judge. In recognition of that, RIPA provides that, in specific limited circumstances, the prosecutor may invite the judge to order a disclosure to him of the protected information. The purpose of informing the judge is to put him in a position whereby he can ensure the fairness of the proceedings. However, section 18 does not permit the disclosure of warranted interception in criminal proceedings. If no action by the prosecutor or judge could prevent the continuation of the proceedings from being unfair, the prosecution would discontinue the case. That provides a genuine safeguard. No such discretion to discontinue proceedings exists if the death occurred in circumstances in which the European convention on human rights requires the UK to hold an article 2-compatible inquest.

The Bill sought to address the insurmountable difficulty that sensitive material that is relevant to how an individual met their death cannot be disclosed in open court with a coroner sitting with a jury. No other existing mechanisms, such as imposing reporting restrictions on proceedings and/or holding certain sections of the proceedings in camera with the jury, and other interested parties entering into confidentiality agreements, would address the problem or provide sufficient safeguards. We do not believe that an issue as important as national security should depend on individuals honouring agreements any more than we would consider such safeguards sufficient in criminal proceedings. If an individual inadvertently or deliberately discloses sensitive information, the damage is done.

Mr. Mike Weir (Angus) (SNP): I am listening carefully to the Minister. He will appreciate that our concern is rather limited because coroners' courts have limited jurisdiction for Scots, especially in the military. The Minister appears to be saying that information can be disclosed to the judge, the jury or a special prosecutor with security clearance, but what if the information is a material factor in the person's death? Can that be disclosed in the coroner's judgment, or will that part of the judgment also have to be kept in camera?

Mr. Coaker: It may well still have to be kept in camera. It depends on the circumstances of the case, those surrounding the death and those surrounding any relevant material. The answer depends on the circumstances, but what the hon. Gentleman outlined could be the case.

[Mr. Coaker]

Even if there were a legally binding sanction to prevent disclosure, there are some individuals for whom the threat of prosecution would not prove a deterrent. Disclosure of intercept capabilities would have a real and damaging impact on our ability to gather intelligence that is vital to national security. The Chilcot review on intercept as evidence recognised this—I hope that helps the hon. Member for Newark (Patrick Mercer), who is often nearly my hon. Friend—and that is why we are taking forward a detailed and extensive programme of work to ensure that we can meet the tests set out in it and allow intercept to be used safely, without putting national security at risk.

Sir Alan Beith (Berwick-upon-Tweed) (LD): As someone who is taking part in that review, may I remind the Minister that disclosure is not the only problem? One of the other problems that the group originally identified is the retention of material. When the Minister tackles the way in which the new legislation can cover the substance of amendment No. 106, he must also consider the group's work on retaining material to ensure that a burden, which impairs their work, is not to be placed on the agencies.

Mr. Coaker: We look forward to receiving the report from the right hon. Gentleman and his colleagues. Certainly, we will have to consider the retention of material alongside the other points that have been made.

The Chilcot review also recognised that, in criminal proceedings, the ability to choose not to put intercept product into the public domain afforded an important safeguard. I believe that amendment No. 106 is flawed because of the inadequate protection it affords. However, there are other problems, too.

It is unclear how the new clause for which amendment No. 106 provides would work in practice in the absence of any legislative mechanism to ensure that a High Court judge is appointed to hold inquests involving the consideration of such material. There are provisions for a coroner to appoint a deputy coroner who is a High Court judge, should he choose to do so. However, as with other suggestions that have been made for safeguards, too much is left to chance and national security needs must take precedence.

When the amendment was debated in the other place, concern was expressed about the need to allay fears that there is any sort of shoot-to-kill policy. We need to recognise the important role that the Independent Police Complaints Commission plays on those rare occasions when individuals are shot by armed police officers. It has a responsibility to investigate all the facts and make a recommendation to the Crown Prosecution Service about whether an offence has been committed. Its reports are also a crucial source of information to the inquest.

We recognise the importance of ensuring that bereaved relatives and other properly interested persons should be involved in as much of an inquest as possible. However, it is always necessary to strike a balance between the interests of the families and the public interest when material that is central to the inquest cannot be disclosed publicly.

Mark Fisher: I am sure that the Minister wants to reassure the House. We are only a few months after the Jean Charles de Menezes case, which suggests that such reassurances do not operate in the real world.

Mr. Coaker: Obviously, lessons need to be learned from that case, and we await the full report.

Jeremy Corbyn: I do not understand the point that the Minister is trying to make. Will not the practice that he proposes simply lead to delays in holding a coroner's court inquest into the death of somebody who died at the hands of, for example, the police? Would not it be better if a case proceeded more rapidly to a coroner's court? The practice could be perceived as a delaying tactic by the authorities, which would cause even more distress to the victim's relatives.

Mr. Coaker: We do not believe that it is a delaying tactic. It is a proper route to trying to find out exactly what happened, getting to the facts of the case and trying to learn from them. We do not perceive it as a delaying tactic.

We are confident that the provisions that we intend to introduce in coroner legislation—with the relevant safeguards—strike the right balance of enabling the coroner to consider all the relevant material while protecting sensitive material from public disclosure if that is contrary to the public interest.

Mark Durkan (Foyle) (SDLP): The Minister said that it was important to strike a balance between families and the public interest. Those are fine words, but how do the Government's provisions strike that balance, when a family can simply be told that it is in the public interest to keep the matter secret? A family in those circumstances will be left suffocating with frustration and there will be no sense of balance. When have the public ever been told what the public interest is?

Mr. Coaker: I understand my hon. Friend's point and the strength of feeling about the issue. He knows better than the vast majority of us the importance of his comments. I am trying to say that, in a small, limited number of cases, there may be a point at which the sensitivity of the material is such that it simply cannot be used in open session. I hope that that will apply to only a small number of cases, but sometimes the public interest—the interest of national security—requires an inquest to be held without a jury and without others being present.

Mark Fisher: The Minister suggests that we are considering either/or and that there are no fine lines. However, surely proceedings could be taken in camera and reporting restrictions can be imposed. There are gradations of secrecy, short of complete secrecy, that could allow for the recognition of relatives' grief and frustration.

Mr. Coaker: I do not think that any of us find particularly easy the circumstances to which my hon. Friend the Member for Foyle (Mark Durkan) was referring, or any of the other cases to which hon. Members elsewhere in the House have referred. The issue is an extremely difficult and sensitive one. As a Minister, I feel that the issue is sensitive and requires careful handling, so I can only begin to imagine what it must be like for people in the circumstances described.

I can only begin to imagine how difficult it must be when, as my hon. Friend said, people are then told, "Because of the interests of protecting sensitive material, the proceedings need to be held in secret, but don't worry, special people will be there to protect your *interests.*" Against that, it must be the case that nobody who has stood in my position would be able to say, in any sense of the word "honestly" or with any integrity, that there would never be a circumstance in which it would be not be necessary for material to be protected.

3 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I accept absolutely the distress of the relatives of someone who has been killed or who has died in circumstances that need investigation. However, there is a wider public interest, which is that everyone should be assured that the processes are above board and clear. We all have an interest in an examination of the facts surrounding the death. In arguing the case for national security, the Minister is effectively saying that he is unable to give us any understanding or take us into any confidence as to how conclusions in such cases are reached or whether they are justifiable. That is the dilemma that we all face in this society. Our uncertainties about those who make judgments on these issues make some of us extremely cautious about permitting secrecy of that nature.

Mr. Coaker: That is why we proceed with caution. That is also why we have agreed with the Lords, with respect to those proposals in the Bill that have been removed, to allow for more discussion and consultation. The only point that I make to the hon. Gentleman, and which I made to my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), is that although we would not want such proceedings to take place in many circumstances—in fact, it would be better if they took place in no circumstances—they will be necessary in some circumstances.

Chris Huhne: I would like the Minister's clarification on one point. My understanding is that the amendment would allow information to be given to a High Court judge sitting as a coroner. It would then be up to that High Court judge to decide who else should be informed about such matters. Is the Minister really saying that High Court judges cannot be entrusted with making a judgment about whether there was a question of national security?

Mr. Coaker: In many cases in which a High Court judge is sitting, he will not be the finder of fact; the jury will be the finder of fact. The judge will need then to share that information with the jury, but in certain circumstances it would not be in the national interest to share it.

Chris Huhne: The judge still has discretion.

Mr. Coaker: My point is that in those circumstances there would be material that may have to be shared with the jury, but which we would not wish to see shared. This is a difficult issue and I appreciate the points that hon. Members have made, but I ask the House to disagree with the Lords amendment.

Damian Green: The Minister's introductory speech has given us the opportunity for an extremely wide-ranging debate about future legislation, the Chilcot report and a number of the attitudes towards the difficulties surrounding coroners' courts.

Mr. Coaker: I do not want to interrupt the hon. Gentleman before he is in full flow, but let me say that my remarks were quite deliberately wide ranging. I hope that that was okay with hon. Members, because such matters are extremely important, which is why the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) said what he did.

Damian Green: We are all grateful to the Minister for doing that, because it has teased out some wider issues that will be important not just for the Bill before us today, but for future Bills in future Sessions. However, I will concentre on the amendment and the Government's desire to disagree with it.

The Minister made the point, both about the amendment and more generally, that the Government are seeking to provide a balance between the needs of national security and the needs of the family, the relatives and wider society for an acknowledgement of what has happened when an unexpected death occurs. I was not convinced when the Minister said that that balance was not achieved by the amendment, because Lords amendment No. 106, as it now is, achieves that balance in a rather elegant and practical way. The amendment makes a small change to the Regulation of Investigatory Powers Act 2000 to allow an article 2 compliant inquest to take place when sensitive material exists, but only when a High Court judge sitting as a coroner has determined that the material concerned is central in ascertaining how the person came to die. That is a crucial point, which the House should address.

The Minister talked about the differences between criminal proceedings and proceedings in a coroner's court. I take the point that they are not identical; nevertheless, I am sure that he would admit that the current situation is deeply unsatisfactory, not just in general terms, which it is, but in specific terms, in that there are inquests that cannot take place properly unless the issue of sensitive material can be addressed.

Mr. Hogg: Would the provisions not be further improved if proposed new subsection (8B) in Lords amendment No. 106, to which my hon. Friend is referring, were amended to the effect that the disclosure would not be injurious to the national interest? Then there would be two tests: first, whether disclosure was essential to the finding of the necessary facts; and, secondly, whether disclosure would be injurious to the national interest.

Damian Green: My right hon. and learned Friend makes a reasonable point. In this case I rather agree with the point that the hon. Member for Eastleigh (Chris Huhne) made. Part of the purpose of the amendment is specifically to ensure that the coroner is a High Court judge. One would hope and expect High Court judges, as a matter of course, to hold the issue of national security dear.

Mr. Hogg: But the problem with the test provided for in the Bill is that the national interest is not addressed.

Damian Green: No, but the national interest clearly forms part of the background of any decision taken in an area of such sensitive information. In the end, cases will be judged by individual judges. Part of the purpose of the amendment is to ensure that it is not a junior

[Damian Green]

member of the judiciary taking the decision, but a High Court judge. There comes a point at which we have to trust the individuals who are taking such decisions. Ensuring in legislation that the people taking them are of seniority seems a significant step forward in achieving that.

Further to the individual cases to which I have alluded, the Minister said in his speech that article 2 of the ECHR requires the Government to have proper procedures in place to ensure the accountability of agents of the state and to maintain public confidence. There is clearly a duty on the state to investigate a death in custody with a proper inquiry, but there are cases where it is simply impossible for an inquest to be held that would be compliant with article 2. That is an embarrassing and nonsensical position for any system of justice to get into.

The new clause would permit the disclosure of sensitive RIPA material in a highly structured manner, controlled by a judge, to the family of the deceased, their counsel and the jury at an inquest. I repeat—this is very important—that that will happen only with the proviso that the High Court judge believes that the information contained in the intercepted material is central to finding out how the person died. Clearly, that decision will be for the judge. Any of the other parties would be able to make submissions, but in the end, it would be an exceptional circumstance for the disclosure to take place. It would be a necessity test and any indiscriminate disclosure of intercept material would certainly not be allowed.

I take all the Minister's points about the need not to compromise the use of intercept material. As he knows, Conservative Members have argued for greater use of intercept material for a long time. However, some of the Minister's assertions in criticising the amendment today—and, indeed, some advanced by the Minister in the other place—are fairly questionable. We heard in the other place that the provision would allow the wide disclosure of very sensitive material, but that is simply not true. That would not happen unless an individual judge made a catastrophically bad decision—it is barely worth thinking about; it is so unlikely—so we can set aside that canard.

The noble Lord West said in the other place that it was

> "unclear how the new clause would work in practice in the absence of any legislative mechanism to ensure that a High Court judge is appointed to hold inquests".—[*Official Report, House of Lords*, 21 October 2008; Vol. 704, c. 1063.]

Under section 14 of the Coroners Act 1988, however, coroners can apply for the jurisdiction of an inquest to go to a circuit or High Court judge, and, indeed, High Court judges have sat as coroners in recent inquests—including, of course, the inquest into the terrible shooting of Jean Charles de Menezes. Lord West concluded with the point that, in discussing material that cannot be disclosed publicly, it is necessary to balance the interests of the family and the public interest. That is exactly right, but that is precisely what the amendment would achieve.

I regret the fact that the Government have set their face against this amendment and are trying to push everything back into a coroners Bill, when presumably these issues will come back to the House again. As I said, there are urgent cases at present where inquests cannot take place because of this lacuna in the legal system, so I disagree with the Minister and urge the House to agree with the Lords in the said amendment.

Chris Huhne: I am delighted that, following discussions here and in the other place, the Government have seen fit to withdraw their very substantial proposals for changes to the coroners system—to confer on the Secretary of State the ability to halt a coroner's inquest in mid flow, to replace the coroner and to meet in secret. It seemed to me that those were extremely dangerous proposals; I hope that the Minister will not bring them back in any forthcoming coroners Bill.

It may be easy to forget, but the coronial system has been a bulwark of our freedoms in this country for a very long time. The ability to investigate a death, particularly one at the hands of an agent of the state, has been an absolutely essential guarantee against overweening state power. Many generations have fought against excesses—they have come from the Tudor secret service and beyond—to establish an independent system. It is crucial that it continues to operate independently, which is why I was so pleased that at least parts of the Bill had been removed.

Apart from those remarks, I do not want to open up a wider discussion at this stage, but I want to focus specifically on Lords amendment No. 106, because it deals with a relatively technical point that was overlooked in the Regulation of Investigatory Powers Act 2000.

Jeremy Corbyn: I absolutely agree with the first part of the hon. Gentleman's contribution, but is he satisfied that the Lords amendment—it is, in a sense, a compromise—will not lead us back into the same danger that both he and I opposed on Report?

Chris Huhne: I do not think it has quite the same problems as the Bill as originally drafted, precisely because the amendment provides for a High Court judge to be appointed as coroner to assess whether evidence should be disclosed. The very fact that the coroner is a High Court judge, with all the independence for which our judiciary is rightly famed, suggests that the key condition is there.

A small lacuna was left in section 8 of RIPA, whereby a High Court judge who in all other circumstances listed in the section can see the material in question and come to a conclusion about it could not do so when sitting as a coroner. Subsequently, that was widely understood as a gap in RIPA. The amendment is designed to include the ability of a judge to sit as a coroner at an inquest to hear the evidence in the same way as he does in all other instances.

We should perhaps remember that at the outset of the Bill the Government impressed on us all how urgent it was to deal with the secret inquest—not as a general issue, but in order to allow a particular inquest to proceed. That was the inquest into the death of Azelle Rodney, who was shot by the police on 5 May 2005. Indeed, the Government wrote to the Rodneys' solicitors Hickman & Rose on 30 November 2007, promising that they would change the law so that the inquest into the death could resume quickly, as it had been delayed a year. The urgency arose not least because the state has a legal duty to ensure a prompt investigation into a death in such circumstances. That means holding an inquest as soon as possible.

3.15 pm

I spoke to the Rodneys' solicitors yesterday, who made it clear that if the Government do not accept the amendment today, they will lodge a case with the European Court of Human Rights over the Government's failure to comply with the promptness requirement inherent within article 2—the right to life—of the European convention on human rights.

Jeremy Corbyn: I agree with the hon. Gentleman and he is correct to refer to that case. Is he confident, however, that the Lords amendment will bring about the required timetables necessary to prevent the trauma that families go through, waiting months, if not years, for an inquest?

Chris Huhne: I am not confident that this is the last word on the subject. I agree that we will need to consider reforms to the coronial system and I believe that a coroners Bill is, frankly, overdue. Many other issues need to be dealt with to speed up inquests and ensure that adequate and efficient investigation takes place. I believe, however, that the Lords amendment is a step forward and we should not allow the best to be the enemy of the good. In this case, I hope that the Government will accept the amendment, not least because it will avoid them yet further embarrassment in being arraigned before the European Court of Human Rights over their failure to abide by article 2. The Rodney family's lawyers are confident that their case will be successful. I am no lawyer, but my advice is the same.

We must not forget the Government's promise a year ago to change the law to allow this inquest to go ahead. Today, the Government have a chance to honour their pledge. The amendment does, it seems to me, strike a sensible balance, bearing in mind that we are entrusting this matter to a very senior member of the judiciary, as the hon. Member for Ashford (Damian Green) pointed out. It is simply not the case that the amendment would allow a wide disclosure of very sensitive material, as Lord West, the Minister in the other place, claimed it would. It would allow the disclosure only of RIPA-related material, and would allow that only when a High Court judge was sitting as a coroner and was satisfied that the material was essential to finding out how someone died.

Mr. Hogg: What happens if a High Court judge concludes that disclosure is essential to enabling the matters that are required to be ascertained to be ascertained, but also concludes that it is contrary to the national interest? The amendment is silent on that point.

Chris Huhne: The right hon. and learned Gentleman is far more versed in these matters than I am. However, I agree with the hon. Member for Ashford that if we are to entrust a High Court judge with such a degree of flexibility, that is something that he will be able to decide within the bounds of deciding whether an action is essential. If the amendment proves to be inadequate in enabling a balance to be established in the specific instance of the Rodney case, we shall have—if the Minister is to be believed—an early opportunity to correct ourselves. As the right hon. and learned Gentleman knows, the House has a long tradition of eating its words and changing its mind, and long may that be so.

We must not forget that at the heart of the amendment is a dead man's family: parents who are unable to grieve properly for their son because they have been denied the most basic of rights—the right to a fair hearing on why he was shot by an agent of our state. Even at this late stage, I urge the Minister to reconsider.

Jeremy Corbyn: I will be brief.

I spoke on this subject during our earlier debates on the Bill. Although all the publicity was given to the issue of periods of detention, I considered the issue of secret sittings of coroners' courts to be of greater importance to anyone concerned about liberties. The number of days for which people are detained is relatively arbitrary, but the provision on coroners' courts would have been extremely serious, so I was very pleased when the House of Lords came up with a compromise amendment.

Let me record my thanks to and appreciation and admiration for the organisation Inquest, referred to by the hon. Member for Eastleigh (Chris Huhne). That organisation, which is based in my constituency, has done amazingly good work over a long period in supporting the families of people who have died in custody. Nothing is popular about such cases, but the organisation has been dogged in pursuing them. I think we should appreciate the value of civil society organisations of that kind which do so much to promote decent standards and liberty, and which help the House to produce better legislation.

As the hon. Gentleman pointed out, this is not the first occasion on which the House has eaten its words, and it will probably not be the last. I was relieved by the decision reached by the House of Lords, but I hope that the Minister will be able to help us further. I understood that the Government had accepted the Lords' view, and I am therefore surprised that they are asking us to reject the amendment. The Minister outlined the provisions of new legislation, which was helpful—this is not a criticism—but I am slightly worried that we will not be revisiting the whole issue in the new coroners Bill. It seems that we shall return to where we were previously in this Bill, with what I consider to be the dangerous precedent of court hearings taking place virtually in secret.

A death in custody, a serviceman's death or a death as a result of a police shooting is obviously horrific. It is devastating for the family involved, who may understandably have great difficulty coming to terms with the reason for the death and even greater difficulty coming to terms with the complete lack of evidence offered to them in public, and the failure to make any information available to them. The trauma is very great. In my constituency, I have dealt with the families of people who have died in police custody or in similar circumstances, and I know that the trauma they undergo—constantly questioning what went on, but not being allowed to know—is very serious indeed.

The other punishment for families is the lack of a timetable. If the inquest is repeatedly delayed—for years on end, in some cases—there can be no closure for those families. The bereavement goes on, and they will never

[Jeremy Corbyn]

entirely get over the loss of a loved one, but at least the completion of a judicial process provides an element of closure that allows them to move on a little. Perhaps the Minister will help us a little on the question of timetables as well.

I have some understanding of why the House of Lords came up with this compromise. It is clearly far better than what was in the Bill before, in that it empowers a High Court judge to decide whether or not material is sensitive. Nevertheless, I am slightly nervous about the amendment. I feel that it is too easy for agents of the state, be they the armed forces, police, social service departments or the health service, to say, "Hang on. There's something very peculiar and sensitive about this", and to tell the judge that they would prefer the material not to be disclosed.

I hope that a judge would stand up for the public interest and the interests of the family, but I think the best way of enabling that to happen is to make it extremely difficult for any degree of secrecy to surround any death in custody. If we do not make that difficult now, as we pass the legislation, further down the line it could easily become routine for public bodies to say, "We want the hearing to take place in secret because it will be far too inconvenient for us if all this comes out."

I assume that if the Government have got the legislation wrong, which is conceivable, article 2 of the European convention on human rights will form the basis of a case that could go to the European Court. Article 2 places a positive duty on the state to investigate a death in custody with an inquiry that is on the state's own initiative, is independent both institutionally and in practice, is capable of leading to a determination of responsibility and the punishment of those responsible, is prompt, allows for sufficient public scrutiny to ensure accountability, and enables the next of kin to participate. Unless all those criteria are met, we will clearly fall foul of a European convention that we support. I hope that they will all be met, either in this Bill or in the new coroners Bill that we shall deal with in the next Session. The European convention does actually mean something, and it is quite an important mechanism of defence.

Time is of the essence. I was worried by the Minister's reference to another body that, acting as an intermediary between the horrific event of a person's death in custody and the opening of an inquest, would conduct some sort of investigation. That strikes me as a likely recipe for delay, for the creation of a fog around something that ought to be clearly visible, and for even more pain and stress for the families of those who lose their lives in the circumstances that we are discussing. It is up to us as a Parliament to ensure that agents of the state who cause a person's death are brought to justice, and above all that the families of those who have lost their lives are fully aware of all the evidence and of what caused the deaths of their loved ones.

Mr. Hogg: Before I deal with the tightly drafted new clause tabled in the other place, I want to build on what the hon. Member for Islington, North (Jeremy Corbyn) said. I entirely agree with his underlying belief that when the agents of the state have caused deaths, it is essential that the surrounding facts are made apparent, through inquests and to the families.

In Committee, I deeply opposed the provisions then incorporated in the Bill, because they enabled the Government to withhold whole classes of information from an inquest—for instance, information that would damage this country's relationship with another power, and information that would be damaging for any other proper reason. I cited a specific example, which I shall repeat now.

Let us suppose that someone died in the course of extraordinary rendition—which is not impossible, given the nature of extraordinary rendition—and happened to be in an aircraft that touched down at Heathrow. I can envisage the Government intervening to prevent details of the death from being made public in order to protect their relations with the United States. That is but one example. I was deeply concerned when the Minister said that the new coroners Bill would incorporate most of the language of the Counter-Terrorism Bill as it was in Committee, and I would robustly oppose such wide powers being given. Therefore, I agree with much of what the hon. Member for Islington, North said.

3.30 pm

I shall try to make my second point with some delicacy, as I do not want to do what I should not be doing in this context. I served in the Foreign Office for five years, in the course of which I saw a great deal of intelligence information because I had a responsibility, subject to the Foreign Secretary, for GCHQ. There are two areas that ought to concern the House, one rather more so than the other. The anxiety has always been the disclosure of techniques. I suspect that that is less of a problem than we think, but I agree that we none the less need to address it, and it is very good news that the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) is sitting on the Chilcot committee. The other point, on which there is not sufficient focus, is whom we target for the purposes of intercept. As Members will appreciate, that is not always just individuals—it is sometimes institutions and others, and it may well not be in the public interest for the identity of some of the targets to be disclosed. That matter has to be seriously considered, and addressed in measures that come before this House.

There are defects with the proposed new clause, but I shall vote for it as it is an important step in the right direction, and if this House were to pass it, further safeguards could be built into it in the other place. Starting from the proposition that there are the problems with the disclosure of intercept information that I have identified, I go on to the next proposition, which I think most people will agree with, that it is very important that credible and relevant evidence should always be available to a court or inquest, unless there is some overwhelming reason to the contrary. That is the proposition that is reflected in the new clause. There is a difficulty—both the Minister and I have referred to the nature of the problems—and the other place sought to address it in two ways: first, to confine the coroner with the relevant powers to a judge of the High Court; and, secondly, to confine the circumstances in which the order-making power can be exercised to those set out in proposed new subsection (8B). There is a problem with that provision, because the High Court judge may direct a disclosure only if satisfied that the requirements of (8B) are satisfied in that disclosure is

> "essential to enable the matters that are required to be ascertained by the inquest to be ascertained"—

in other words, we cannot ascertain the relevant facts unless we have the intercept material.

The problem is, however, what if that intercept material is itself injurious to the state? For instance, it might identify a body, person or institution as being targeted when it is undesirable for that target to be disclosed. From reading the language of (8B), it seems to me that if the judge concludes that disclosure of the material is essential for the proper ascertaining of facts, notwithstanding the injurious nature of the disclosure the judge may well be obliged to order the disclosure. What is not provided for in (8B) is the balancing exercise. My hon.. Friend the Member for Ashford (Damian Green), for whom I have the greatest of respect, says, "Well, you can expect a High Court judge to exercise good sense." Of course we can, but a High Court judge, or any old judge, has to exercise his powers in accordance with the criteria laid down by Parliament, and if Parliament does not say that respecting the national interest is a relevant criterion, I am by no means certain that, however sensible a High Court judge may be, he or she would be able to take steps to respect that.

Mr. Heath: The right hon. and learned Gentleman is simultaneously right and wrong. He is right that the new clause does not contain the qualification requiring the coroner to take into account the interests of national security—I would be slightly more circumscribed, in that I would use that term rather than the "national interest", which is the term he uses. He is wrong, however, in that that is to an extent covered in the previous provision—proposed new subsection (1)(d)(ii)—where the coroner has the discretion to determine whether the information that has been provided stays with him or her or is passed on to other persons or parties to the inquiry. There is a feeling that the current wording of the new clause gives no indication of how that discretion should be applied.

Mr. Hogg: I always enjoy debating with the hon. Gentleman, and I very often agree with him, but he has a problem in criticising me on this issue, because it is the jury who are responsible for the ascertaining of facts, and under (8B) the coroner is entitled to make a disclosure where it is essential for the ascertaining of facts. As the jury is the only ascertainer of fact, he does not have much discretion, because in order for the facts to be ascertained they have to be disclosed to the jury.

Mr. Heath: The right hon. and learned Gentleman is right in the context of a jury and a coroner's court. I may be wrong, but I assume that the new clause is intended to give the coroner the discretion to allow for a reduced version of the material in a form that does not prejudice national security to be passed to the finders of fact: the jury. I agree with the right hon. and learned Gentleman, however, that that is not clear within the terms of the new clause as worded and that further refinement is required, but that does not stop me supporting the new clause.

Mr. Hogg: We are as of one in this sense: we see merit in the approach, but we recognise that the new clause is not perfect, and we think that the House should support it in the hope that it will be further amended in the other place.

Let me conclude by explaining how it could be improved further. A test that requires the balancing exercise in terms of national security considerations could be incorporated into (8B), so that it would be for a High Court judge to decide whether information, although essential, was too injurious to be disclosed. I see merit in taking that step. Another way forward would be to allow that decision on whether there should be disclosure to be treated at the preliminary point, which could go to the Court of Appeal. I think that I would be content for the Court of Appeal to be a final arbiter on the matter, as it would be very sensitive to the question of national security. I could see the decision of the trial judge—the High Court judge—being treated as a preliminary point, to enable the Court of Appeal to rule on it before the inquest proceeded further. There is another way of addressing the problem: the High Court judge sitting as the coroner could determine, in very special circumstances, that there should not be a jury at all. In other words, the judge could determine that the jury, if it is already sitting, should be removed and, if it is not, there could be a requirement for the judge to sit alone as the coroner. Additionally, of course, there is always the power to restrict publicity.

Any or all—probably all—of those measures could properly be incorporated into the new clause. If that happened, the measure would deal with most of the Minister's anxieties. It would also address the feeling around the Chamber that intercept evidence should be used in appropriate cases, so that the families and everybody else can have as many facts as are available surrounding a death.

Mr. Garnier: The interchange between my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) and the hon. Member for Somerton and Frome (Mr. Heath) has been more illuminating than is often the case in debates of this sort. My right hon. and learned Friend has analysed not only what is wrong with the Bill and the Lords amendments, but how they can be improved. I was not a Minister, but I was on the edges of Government when he was in Government. I entirely accept what he says on the need, occasionally, for information to be kept out of the public domain. That is simply a matter of common sense, and I hope that none of us is naive enough to think that on every occasion, every piece of information in the hands of a state agency or the Government should be made public. Clearly, there are times when national security and the interests of criminal investigation require certain pieces of information to be kept out of the public's sight.

Having said that, the implied, but not the express, position of a number of Members who have spoken in the debate, perhaps excluding the Minister, is that, by default, justice should be in public. When all things are equal—they rarely are—coroners' courts, whether chaired by a High Court judge or other judicial officer, should be in open court, with all relevant evidence being adduced, either before the coroner, if he is sitting alone, or before the coroner and the jury; and there should be full disclosure of all evidence between the interested parties and the court.

The group of Lords amendments that we are briefly considering lead me to agree again with my right hon. and learned Friend, this time on how the kind of decisions that we are talking about should come to be

[Mr. Garnier]

made. As I understand it, at the moment, the Government want to place in the hands of the Secretary of State the power to issue certificates. That is unhealthy. It leads to secret government, let alone secret trials. Like my right hon. and learned Friend, I think that it would be much more sensible and, indeed, publicly more acceptable, for questions of that sort to be decided by the presiding coroner, be he a High Court judge or other judicial officer. In that way, the matter could be argued. It could be argued in chambers or in private, but it could none the less be argued.

Clearly, such procedures are not novel. For example, espionage cases are tried at the central criminal court; and cases involving matters of acute sensitivity often involve applications to the judge that certain parts of the evidence, or all of it, should not be disclosed in public, meaning that it should not be heard in the presence of people in the public gallery or members of the press. Such things do not happen every day, but they happen quite frequently, so I do not see why a similar procedure could not be drawn across into the system of coroners' inquests. The Lords amendment mentions a High Court judge, but I have no doubt that any experienced coroner, circuit judge or whatever judicial officer is appointed to deal with any inquest, could make a decision on the grounds of national security, public safety or whatever, in a just and sensible way, case by case.

My second point is this: we were promised a coroners Bill in this Session's draft legislative programme and in the last Queen's Speech, and we are being promised one in the coming Queen's Speech, and it strikes me that the issues we are discussing ought to be dealt with discretely, in the round, in a coroners Bill. However, measures are now being tacked on to a Counter-Terrorism Bill.

This brings into our discussions all sorts of interesting influences. Hon. Members will remember the problems that the Prime Minister got himself into with the Government of Iceland, who were deeply upset that Icelandic assets in this country had been frozen under counter-terrorism legislation. It so happened that the Act under which the Government froze those assets in London was the Anti-terrorism, Crime and Security Act 2001, and it was under the "Security" bit that the assets were frozen. However, the Act's rather long title did not fit into the headline space of whatever the equivalent of *The Sun* is in Reykjavik, so Icelandic people saw only the "Anti-terrorism" bit. Unsurprisingly, they were upset.

Here, we are dealing with matters to do with inquests in a Counter-Terrorism Bill. Of course there is sometimes a connection between terrorist activity and inquests. For goodness' sake, the tube and bus bombings of July 2005 made that only too clear. However, if the Government are to be taken at their word on this occasion—I do take them at their word from time to time—why will they not lift part 6 out of the Bill and put it into the new coroners Bill, which they should introduce early in the next Session? That might lower the temperature.

3.45 pm

I should like to say, in parenthesis, that my hon. Friend the Member for Ashford (Damian Green) was entirely right to express concern about the application of article 2 of the European convention, as was the hon. Member for Islington, North (Jeremy Corbyn), who also brought that point to the fore. A further point that I want to draw out from what the hon. Gentleman said earlier relates to the nature of the deaths that we are talking about. The provisions will deal with deaths in police custody and possibly even deaths in prison custody, depending on the character and antecedents of the deceased and on the geography of the location of the death. The hon. Gentleman will remember that—in the last Parliament, before the 2005 general election, I think—we passed the Corporate Manslaughter and Corporate Homicide Act. I might have got the chronology wrong, but as I recall it, the deal was that deaths in custody, in the Prison Service and in police cells, were not immediately to be brought under the remit of the Act. There was to be a delay of two or three years—

Mr. Hogg: I think that it was more than that. I think it was seven.

Mr. Garnier: My right hon. and learned Friend says that it might be seven years. The Minister will have that information available to him—

Mr. Hogg: He seems to be looking to his left.

Mr. Garnier: I am making a suggestion; I have no power over those who work behind the Chair. However, I dare say that somebody with a bit of initiative, such as the Minister, could find out the answer.

The point is that there will come a time when deaths in custody, involving those either in the care of the police or in the care of the Prison Service, might also have to be considered under the terms of the Corporate Manslaughter and Corporate Homicide Act. When we come to consider these provisions—I suggest that we do so under a coroners Bill, not under this legislation—the House will need advice from Home Office Ministers on the marriage of that Act and inquests into deaths in lawful custody. I urge the Minister to bear that in mind, because I can see all sorts of problems coming down the track. Trials under the corporate manslaughter legislation will be heard in the Crown court. Is it being suggested that, if someone has allegedly been killed by the police under the provisions relating to corporate manslaughter, the trial should be heard in secret, and only by a High Court judge, subject to the provisions of the Counter-Terrorism Bill?

It is not only members of the public, be they British or foreign nationals, who will be drawn into the inquest system. Military deaths have been mentioned. We all know of the huge delays in the timetable for inquests into those killed in action or on active service in Iraq. Their bodies are brought back to the UK through Brize Norton, and the coroner for Oxfordshire is therefore responsible. One particular deputy coroner has done most of the work. However, because there is such a dearth of qualified coroners to do the work, there are long delays, which leads to emotional and other problems for the families, as other hon. Members have said.

Yes, the legislation is designed to provide an effective coroners' system, but effective for whom? I suspect that it is designed to be effective for the Government, because they do not want any embarrassment. They do not want coroners to say disobliging things about how the Ministry of Defence, or some other agency of the state, has acted.

The issue is even more complicated because while there are people who are killed in action or on active service in open battle—we are all too sadly used to seeing television reports of such incidents nowadays—there are people killed whom the Government would rather we did not know were on active service. We cannot be naïve about the need to keep some matters out of the public domain, but the families of those who serve in the special forces or the secret services have as much of a right to know how and why their loved ones were killed or died as those who are grieving the loss of someone killed in a motor accident or a train crash—a more ordinary, but none the less terrible, death.

We cannot just assume that we are talking here about cases of terrorists or suspected terrorists dying in prison or police cells. We may be dealing with the deaths of people who are seeking to protect us from terrorists, and their families being prevented from having full access to information about those deaths. There are two ends to the spectrum and plenty of grey territory in between. If we are to pass this Bill as it stands—and we are doing this in the wrong order, because we should have a coroners' Bill in the new Session—we must come as close as we can to article 2 compliance; otherwise we will be misbehaving.

My final point is about the current use of public interest immunity applications and certificates. My right hon. and learned Friend the Member for Sleaford and North Hykeham is an experienced practitioner in the criminal courts and he will be well aware of the use that those acting on behalf of the Government—and I use the word "Government" in its widest sense to include the police, the secret services and so on—make of applications for PIIs, so that sensitive information does not reach the public domain. Again, that is not an unusual procedure, and we should learn from it when we consider the Lords amendments and the Government's response to them. There are practical solutions that enable us to comply as best we can with article 2 and to allow the bereaved to have the necessary information to understand why their loved ones were killed or died. There is sufficient good will across this House and between the two Chambers of Parliament to enable us to arrive at a sensible solution. I am not sure that the Government's solution can be classified as sensible at the moment.

Of course, I accept that Lords amendment No. 106 is not ideal. It is not perfect. However, as others have said, we can build on it. I suggest that we do so.

Mark Fisher: The debate has been unusually thoughtful. Every Member who has spoken has expressed not uncritical sympathy with and support for Lords amendment No. 106 without endorsing it wholly. From the thrust of what the House did not say, it is that it is clear that it is unhappy with the level of secrecy that could and will arise unless we do something about it.

The House is in the debt of the Minister, who thoughtfully allowed the debate to range widely in his opening remarks. He invited the House to speculate and to think about both the present situation and the future. That was the right thing to do and was very helpful. Whatever we decide, the coroners Bill is coming up and it would be a great mistake if we then reverted to all the things that we are frightened of and worried about tonight.

I know that the Minister has been listening. He made it clear that he is acutely aware of the balance that is needed and the pain that is caused to the relatives and families of people who have died. He sees the tension and the paradox between the two. I do not think that he needs convincing, but I hope that the Government will understand that fact and will ensure when they draft the coroners Bill that the balance is pitched rather differently. Our job, as a House of Parliament, is to ensure that people and their relatives are properly protected and, if we have to balance it one way or another, to ensure that there is greater rather than less disclosure.

Mr. Heath: I take a slightly more generous view than the hon. and learned Member for Harborough (Mr. Garnier) about the Government's original intention. There was concern that there had been unreasonable delay in the case of few inquests that were held up by reason of the fact that material could not be provided under the present system, in the Government's view, that would enable the facts to be properly ascertained.

My argument was not with the Government's intention—if I am not being naive in taking such a generous view—but with what they proposed as a solution. In the Bill passed by the Commons, the solution proposed by the Government was entirely unacceptable. As we have said on a number of occasions, it was unacceptable because the Executive were taking the decision in cases where the problem was the death of an individual at the hands of agents of the state. Let us remember that. The state was going to determine how those facts were to be ascertained and, indeed, whether they would ever see the light of day at all. In principle, that was unacceptable.

It was unacceptable for the Government to determine, effectively by order, that a jury would not sit in such an inquest. It was unacceptable for a Minister in effect to determine that an inquest should be held in secret, behind closed doors, with the result that the public and even people with a legitimate interest in the case were not admitted. That is quite inconsistent with how we have always historically held inquests in this country. It was also entirely unacceptable that hand-picked coroners, chosen and appointed by Ministers, should be the persons who would inquire into the circumstances of a death at the hands of agents of the state. That proposal was so extraordinary that it was common ground among many hon. Members that it was unacceptable.

4 pm

There is a further difficulty with the Government's original proposals, which I raised with the Minister in an intervention and which was picked up by the right hon. and learned Gentleman whose constituency I can never quite determine—

Mr. Hogg: Me?

Mr. Heath: I am referring to the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg)—I think that I have got it right. My point was that, even if everyone accepted the arguments that Ministers adduced to support their contention that the provision was necessary for national security, they were

[Mr. Heath]

not going to be content with that. Instead, in clause 77's proposed new section 8A to the Coroners Act 1988, they were determined that inquests should be held in secret

"(a) in the interests of national security,

(b) in the interests of the relationship between the United Kingdom and another country, or

(c) otherwise in the public interest",

however that "public interest" would be defined outside of national security. In other words, things could be secret simply because Ministers certified that they needed to be in the interest of avoiding embarrassment, or for some other reason.

I am already distressed by the extent to which relations with other countries seem to have a bearing on the conduct of court proceedings in this country, which I had always thought were immune from that sort of political pressure. For it to be written into new statute that a coroner's inquest would depend on whether another country or its rulers would be offended is to me abhorrent. I will not have coroners' inquests in this country determined and dominated by the mood or interests of some princeling in the Arab world, or wherever else.

Mr. Hogg: May I reinforce the hon. Gentleman's point? If a British subject died in Guantanamo Bay as a result of the treatment that he or she had received there, and the body was repatriated to the UK, I anticipate that there would be an inquest into the circumstances of the death. However, I expect that the Government would be extremely embarrassed about having conditions at Guantanamo Bay revealed to the public, and that they would therefore utilise the clause to which he is referring.

Mr. Heath: Of course they would, and we know that perfectly well. That is why it was so objectionable that the proposal was included in the Bill's original text.

Mr. Garnier: We do not have to use a hypothetical example, as we know from friendly fire incidents in Iraq that the US was extremely reluctant to allow evidence about what its forces were doing to be used in the inquests into the deaths of our service men and women. We already have the book; we just need to read it.

Mr. Heath: Precisely so, and we now know perfectly well that a fraud investigation can be stopped at the request of a potentate of another state. If an ally were to ask us not to proceed with an inquest because it might be embarrassing or cause problems domestically or internationally, we know that that request would be acceded to. That is what is so unacceptable.

I was surprised and dismayed by what the Minister said in response to my challenge on this matter during his opening remarks. He seems to take the Bourbonist view that the Government will learn and forget nothing as a result of their experiences in the discussion of this Bill so far. Apparently, they will come back in the coroners Bill with precisely the same form of words that they are abandoning here. We are moving nowhere towards finding a satisfactory system. The Government will face exactly the same arguments against their proposals in the context of the coroners Bill, and eventually those proposals will be defeated in another place and we will be back to square one. We will not have moved forward one inch in providing for a quick, open and proper inquest for those who need one.

There are strong reasons for not waiting for the coroners Bill and for trying to find a proper solution even at this stage. Those in another place who proposed the amendment have done a good job in pointing us towards a solution. If I were in the Minister's place I would be grasping that solution to try to find a workable way, in the Government's terms, to accept it. Some of the Government's arguments against the proposal are nonsense—for example, the idea that it is a lottery as to whether a High Court judge might be appointed to sit in a particular inquest. It is not a lottery; it is a matter of design. If the case required the appointment of a High Court judge as coroner, that is what would happen so that the inquest could go ahead. The Government need have no worries about that.

The advantage of appointing a High Court judge is that it would give comfort to the Government that there would be a sufficiently high level of judicial consideration of the arguments that would inevitably be in their submission to ensure that they were properly taken into account. The High Court judge provision is a sop and a comfort to the Government, so they can have no argument against it.

A great advantage of the proposal is that proceedings would be open—there would be a normal inquest in that sense. Another advantage is that there would be no delay. I heard what the hon. Member for Islington, North (Jeremy Corbyn) said—indeed I have some reason to agree that we must make sure that such cases are dealt with expeditiously—but there is nothing inherent in the proposal that would cause further delay. The right to an inquest jury is preserved, as is absolutely correct.

The most important thing is the presumption that the material necessary for finding the circumstances of death will be provided unless there are good reasons why not. If there were good reasons why not, the coroner would have the opportunity to discover them and would make available to the jury as much material as possible under the criteria.

The one difficulty is the problem that was the subject of an interchange between the right hon. and learned Member for Sleaford and North Hykeham and me about the criteria that the High Court judge would use to determine the submissions before him. We could refine the proposal to cope with that problem, although that does not for one moment suggest that the solution is imperfect. Indeed, as the hon. and learned Member for Harborough said, it is regularly done in criminal courts. All we need is accompanying protocols to make the amendment function satisfactorily.

Even at this late stage, I hope the Government will realise that the proposal is a prospective solution to their dilemma. I strongly support it and I hope other Members will do so, too. It has flaws that need further attention, but if Ministers really think that in the next Session they can present us with a coroners Bill that contains the same clauses that we are knocking out today because they are so unsatisfactory from the point of view of many Members of the House and the majority in another place, they have another thing coming.

Mr. Coaker: With the leave of the House, I shall briefly respond.

I thank my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher) for his remarks. My initial remarks were deliberately wide and I hope that has helped our discussions and debates. The hon. Member for Somerton and Frome (Mr. Heath) and I have, in the past couple of years, debated a number of Bills in various Committees. I cannot always promise to deliver what he wants, but I hope his experience is that when I have said that the Government will listen to what is said, even if that does not mean that we introduce measures with which he is totally happy, there is evidence that some listening has taken place. That is the commitment that I have made and will make to various Members in private and in public as we take forward this measure.

Jeremy Corbyn: Will the legislation that is to be introduced in the next Session appear in the form of a Bill, or will there be a period of genuine consultation, when the views—the very serious views—that have been expressed here today, for example, can be exchanged with the Minister?

Mr. Coaker: To clarify matters for my hon. Friend, let me say that the legislation will be in the form of a Ministry of Justice Bill, and I will make sure that Ministers at that Department are aware of what has been said in today's debate.

Mark Fisher: Is this not an ideal example of the importance of not rushing straight into a Bill but engaging in wider consultation—not necessarily taking a huge amount of time? The views that have been expressed in the Chamber this afternoon reflect the views of other experts in the judiciary and the court system. Surely the Government would benefit from taking a few weeks before publishing their Bill in the next Session to listen and consult those who will be most involved? We have an ideal opportunity. We may not have to go back to the Green Paper and White Paper stage, but too many Bills are rushed into draft too quickly. Surely this is an example of a measure that needs consultation before being put into parliamentary draft?

Mr. Coaker: I am sure that my hon. Friend's comments have been heard. Sometimes, it is a matter not of how long the process takes, but of whether some change is made to what is proposed. Hopefully, some of what has been said here today will be taken on board. I think that I have answered the points made by my hon. Friends about the new legislation: a Bill will be introduced in the next Session, and it will be a Ministry of Justice Bill.

The fundamental difficulty with amendment No. 106, and the point of disagreement, is that inquests must be held with a jury in certain circumstances and juries are finders of fact. Accepting the Lords amendment without the provisions in part 6 would mean that for the inquest to proceed, sensitive material would have to be disclosed to the jury, which would risk its then being disclosed further. We have all tried to find a way to balance national security with the needs of families and the need for a proper system that allows those who have suffered the death of a loved one to have a sense of closure, as far as that is possible.

I have the answer to the questions put to me by the hon. and learned Member for Harborough (Mr. Garnier), which I will give him—

Mr. Hogg: And the rest of us?

Mr. Coaker: Now that I have found the answer, here we go. The hon. and learned Member for Harborough asked me a specific question, which no one but he understood, but it was a good point. It is not that the question was wrong, but our provision relates to inquests—a very few inquests—and does not extend to trials for any offence. Trials will proceed in accordance with the procedures for such proceedings. And that answers that question. *[Laughter.]*

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 284, Noes 220.

Division No. 331] **[4.14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael
(Worcester)
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David

Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ian Lucas and
Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Corbyn, Jeremy
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam

Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, rh Mr. Peter
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Wareing, Mr. Robert N.
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. Crispin Blunt and
Mr. Richard Benyon

Question accordingly agreed to.

Lords amendment disagreed to.

Lords amendment No. 133 disagreed to.

Before Clause 22

Lords amendment: No. 3.

Mr. Coaker: I beg to move that this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss Lords amendment No. 15 and the Government motion to disagree thereto, the Government motion to transfer clause 33, Government amendments (a) and (b) in lieu of Lords amendment No. 15, Lords amendments Nos. 4 to 14, and Lords amendment No. 115 and Government consequential amendment (a) thereto.

4.30 pm

Mr. Coaker: I am sure that several hon. Members will wish to speak on this group of amendments, and I do not want to spend a great deal of time going through a whole series of debating points that have been well rehearsed. Suffice it to say that we disagree with Lords amendment No. 3.

As my right hon. Friend the Home Secretary said in her statement to the House on 13 October, the provisions in the Bill for 42 days' detention were always, in our view,

> "about protecting the British people…from the serious threat that we face from terrorism,"—[*Official Report*, 13 October 2008; Vol. 480, c. 620.]

The Government's approach has always been to try to strike the right balance between protecting national security and safeguarding the liberty of the individual. We believe that the proposals that we put forward in the Bill are consistent with our human rights obligations. We know that when it comes to national security, our primary duty is to protect the public. Therefore, following the decision of the other place to remove from the Bill the protections that we believed should be in place to allow for the detention of terrorist suspects beyond 28 days in case of need, which we accepted, we prepared a new Bill to enable the police and prosecutors to do their work should the worst happen—should a terrorist plot overtake us and threaten our current investigatory capabilities.

Lembit Öpik (Montgomeryshire) (LD): Two of my constituents have been detained, allegedly on terrorist matters. I believe them to be innocent, but I will not name them for legal reasons. Would my constituents be entitled to feel reassured by what the Minister is saying, in terms of their civil liberties, or would they be right to be concerned, like me, that the changes that the Government are trying to make at this stage will make it more likely that people like them could be detained without charge for a lengthy period whether or not they are ultimately found to be innocent?

Mr. Coaker: The changes that we have made have been generally welcomed. Our acceptance of the amendments made in the Lords has been widely appreciated, whatever people's initial views. In trying to ensure that we have the capacity and capability to deal with an emergency, should it arise, the Government have introduced this short Bill. The hon. Gentleman's constituents would be protected by the law as it stands; for their purposes, nothing that I have said should make a significant difference.

[Mr. Coaker]

Mr. Hogg: The Minister has referred to a new Bill, which I gather is being drafted in anticipation of some form of crisis. There is no particular reason why we should not debate it in draft at some stage; perhaps the Home Affairs Committee would like to do so. In any event, would it not be sensible to publish it when it has been drafted so that we can all consider it and be well prepared should it be introduced for enactment?

Mr. Coaker: The Bill has been published and is in the Library.

Mr. Hogg *indicated dissent.*

Mr. Coaker: I will pass the right hon. and learned Gentleman my own copy when we have finished this debate. The Counter-Terrorism (Temporary Provisions) Bill is available in the Library. *[Interruption.]* Presumably it is in the Vote Office as well. My understanding is that it is definitely in the Library, and I will ensure that it is also in the Vote Office.

Mr. David Winnick (Walsall, North) (Lab): I am grateful to my hon. Friend for allowing me to intervene. I have had exchanges with other Ministers on this topic, but I think that this is my first one with him. In order that there should be no doubt about the issue, the Lords amendment says that

> "nothing in this Act allows the Secretary of State to extend the maximum period of pre-charge detention beyond 28 days."

Is not that the Government's position? If they come to the view that they want to try again for 42 days, will they not use the new Bill that has been published, as he just stated?

Mr. Coaker: My understanding is that that amendment was tabled to generate debate, not in the belief that it would be passed. It would ensure that nothing in the Bill allows the Secretary of State to extend the maximum period of pre-charge detention when there is nothing in the Bill that allows the Secretary of State to do that. That is why we published this new Bill, which we would seek to use should it be necessary and appropriate to do so.

Mr. Shepherd: This matter is an important consideration for us all. Will the Minister assure the House that the prospective Bill will be brought before the House at the earliest possible opportunity so that we can examine it legislatively to see whether it meets the tests that the current Bill failed in the Lords?

Mr. Coaker: All I can say to the hon. Gentleman is that the proposed Bill is available for him to scrutinise. He will be able to raise questions about it and provoke debate in the normal way. The Bill is there should the Government believe it necessary to introduce it—*[Interruption.]* I understand the hon. Gentleman's points, but if I could just finish. The Bill would allow the Director of Public Prosecutions to apply to the courts to do certain things. The hon. Gentleman wants a debate in Parliament on that Bill, but we will not have that debate until it is necessary to do so.

Mr. Shepherd: That is the big issue. The new Bill might be introduced in the midst of a terrorist outrage and there would be no rational examination to allow us to stand back and consider whether the Bill is appropriate or what we want.

Mr. Deputy Speaker: Order. I am anxious not to stifle debate, and I can see how closely these matters are linked, but we ought to deal with one Bill at a time.

Mr. Coaker: Thank you, Mr. Deputy Speaker. The whole point of the new Bill is that it is available should there be an emergency, when we could bring it before this House and the other place.

Keith Vaz: The point made by the hon. Member for Aldridge-Brownhills (Mr. Shepherd) was made by my hon. Friend the Member for Walsall, North (Mr. Winnick) when the Home Secretary came before the Select Committee recently, and it concerns the exact moment when the new Bill would be triggered. My hon. Friend asked the Home Secretary whether that would be in the middle of a terrorist outrage. At what time are the provisions of the new Bill likely to be triggered? That is the only issue I am concerned about.

Mr. Deputy Speaker: Order. I trust that the Minister heard my earlier remarks and will bear them in mind.

Mr. Coaker: To try to be fair to my right hon. Friend the Member for Leicester, East (Keith Vaz), the Chair of the Select Committee on Home Affairs, we would introduce the new Bill in an emergency, at a time when it may be considered appropriate. Of course, it would be a matter for this House and the other place to pass it, if they deemed it appropriate to do so.

The new Bill is a short, one-off Bill that would enable the Director of Public Prosecutions to apply to the courts to detain a suspected terrorist for up to a maximum of 42 days, in place of the current 28 days. We cannot say categorically when it will be needed—a point that hon. Members have asked about—as whatever the plot, we will always try to bring charges within 28 days. However, if there is a major bomb plot next week, or a dirty bomb, or another 9/11 is planned or executed, and more than 28 days is needed to investigate that matter with a view to bringing those responsible to justice, we will bring the Bill before the House. It will then be a matter for the House to decide upon.

Chris Huhne: The Minister clearly knows that Sir Ken Macdonald, the out-going Director of Public Prosecutions, has gone on record as believing that the administration of the threshold test and the successful conviction rate for terrorist offences meant that any extension of pre-charge detention was unnecessary. Is not it bizarre for the Government to place in the Library a Bill that proposes powers for the Director of Public Prosecutions that he has publicly said that he does not want?

Mr. Coaker: I feel as if I cannot win. The right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) asked where the Bill was that we might introduce, and is happy that it is in the Vote Office and in the Library. The hon. Member for Eastleigh (Chris Huhne) has criticised me for preparing a Bill that we might use.

Mr. John Gummer (Suffolk, Coastal) (Con): If I may help the Minister—

Mr. Coaker: No. Before the right hon. Gentleman attempts to come to my rescue, let me say that I stand here because sometimes one makes judgments. I believe that the best way forward is to have a draft Bill, which hon. Members can scrutinise in the Library and the Vote Office, and to introduce it when appropriate.

Mr. Gummer: As someone who has always opposed an extension beyond 28 days and was pretty unhappy about 28 days, I commend the Government for preparing a Bill. However, would not it be valuable for the Government to hear the House's views about the measure in the quietude outside the time when it might have to be used, so that they could ensure that it dealt with the concerns of the majority of hon. Members?

Mr. Coaker: When things have calmed down and the Bill that we are considering has passed through all its stages, we might, perhaps three or four months down the road, need to think about how we discuss the other measure.

Instead of reintroducing the proposals for a reserve power in this House, the Government have taken action to have those protections ready to be presented to Parliament should they be needed. I therefore ask the House to agree to Lords amendments Nos. 4 to 14.

I ask hon. Members to agree to amendment No. 115 and note the minor consequential amendment that is required to tidy up the Bill after the removal of schedule 2.

Mr. Hogg: The Minister invites us to disagree to amendment No. 3 because it is unnecessary. I have examined the Bill and I cannot see any residual power that would enable the Government to extend pre-charge detention beyond 28 days. However, will he give us an undertaking that no power is concealed in the Bill, which can be exercised by statutory instrument, that would enable the Government to extend pre-charge detention beyond 28 days?

Mr. Coaker: There is no provision in the Bill for extending the maximum period of pre-charge detention beyond 28 days. That is why we disagree with amendment No. 3. I hope that that reassures the right hon. and learned Gentleman. If he has looked through the measure and found no such provision, it is not there. I hope that that puts in *Hansard* the reassurance that he would like.

Amendment No. 15 was clause 33 when the Bill left this House. The provision was added during the Commons Committee stage and contained minor Government amendments to the pre-charge detention scheme in schedule 8 to the Terrorism Act 2000 that were unrelated to the reserve power. However, it was inadvertently removed during a debate in the other place, despite agreement that it should remain in the Bill. The Government amendments made minor changes to schedule 8 to the 2000 Act, correcting an earlier omission of a consequential amendment and removing the requirement for the Lord Chief Justice to consult the Lord Chancellor before designating a magistrate to hear pre-charge detention extension applications for terrorist suspects for up to 14 days. I therefore ask the House to disagree to the Lords amendment, but offer amendments in lieu, which will place the clause in a more appropriate place and add a minor consequential amendment to that part of the measure.

As I have said, amendment No. 3 was an Opposition amendment to facilitate the debate on pre-charge detention. I hope that, with those reassurances, hon. Members will agree to disagree to the amendment.

Damian Green: The Minister has ended up facing both ways, in that he assured my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) that the Government had no intention in this Bill of bringing back detention for longer than 28 days. However, the Minister also said that he had produced a Bill—I am happy to confirm for my right hon. and learned Friend that it exists in physical form and is also available online and in the Library—which thus tells us that the Government have every intention of bringing the proposal back, if they can get away with it. That is puzzling, frankly, as well as disturbing.

4.45 pm

The draft Bill is extremely relevant to the motion to disagree with the Lords in their amendment No. 3, which the Minister rightly said was a declaratory amendment designed simply to facilitate the House of Lords and make it clear what it was debating. I had hoped that all the amendments in the group with which the Government will move to agree would mean the last appearance of one of the Government's great failures of this Parliament. The attempt to persuade Parliament to damage essential liberties managed to inspire an enormously wide coalition, which included all Opposition parties, many Labour Members who care about freedom, senior police officers, both serving and retired, the Director of Public Prosecutions, as the hon. Member for Eastleigh (Chris Huhne) mentioned, the former head of the security services, the former Labour Lord Chancellor and many more.

All those people considered the issue and did what we all need to do in such circumstances, which is to weigh up the security argument as well as the argument about basic freedoms. The reason we are discussing the very desirable Lords amendments in the group today is that the Government's proposal to extend pre-charge detention from 28 to 42 days failed on three significant grounds: practicability, necessity and desirability. The proposal failed on all three, in that it was unnecessary, undesirable and, in both its original form and the form in which it has returned in the draft Bill, unworkable.

Mr. Gummer: My hon. Friend admitted that he was confused about why we are in this position. Is he also confused about why the Government will not agree to have a gentle debate on the draft Bill in a tranquil moment, so that we can at least ensure that if that Bill were to be introduced in an emergency, it would be the best Bill that could be produced in those circumstances?

Damian Green: My right hon. Friend makes an extremely good point, and one that I was about to come to. The key point in this group of amendments is how they intersect with the draft Bill and what we should do about it. As we decide whether to remove the stark, declaratory new clause proposed by Lords amendment No. 3, it is important for us to consider both the fact

[Damian Green]

that the Government have produced the draft temporary provisions Bill and the way they wish Parliament to address it—or, as it would seem, not to address it—in the current period of calm.

Like many in all parts of the House, we on the Conservative Benches have made it clear all along that we would look at any evidence that supported any extension of pre-charge detention. Everything that we have said and argued throughout this long process has been predicated on the basis that if Ministers came forward with any credible evidence that persuaded us there should be an extension of pre-charge detention, we would look at it seriously and take a view on it. I am sure that that is true of the Home Affairs Committee and all the other bodies that have been weighing up that difficult balance.

As we stand here today at the last stage of this Bill's legislative scrutiny, the truth is that at no stage has any credible evidence been produced to support the Home Secretary's contention that extending the 28-day limit was necessary. The fact that such a wide coalition—of experts as well as Opposition parties—has assembled against the Government is very clear evidence that they never had a case for extending beyond 28 days. It is a tribute to their lordships that they not only defeated the proposal, but did so with the largest majority on a whipped vote that anyone in the other place can remember. It was not just defeated, but knocked out of court altogether.

Those who are in favour of reforming the House of Lords should acknowledge that, in this instance, it did its job superbly and could not have done it better—not least because the size of its majority has dominated the terms of the debate in this House, too. The majority in the other place was so big that even this Government did not have the nerve to try to ram the proposal through under the Parliament Act.

On the substantial issue, there should be no difference between Front Benchers because, wherever possible, we strive for agreement on security matters. The Home Secretary has said all along that she wants a consensual solution, and so do we, as it goes without saying that there is no division on fighting terrorism; it is the method of doing so that has divided us during the Bill's passage, as this group of amendments shows.

Let me move on to the temporary provisions Bill. The Minister will already have been made aware from comments on both sides of the House that we regard this as a deeply unsatisfactory process. As he said, the Bill is in the Library, we can all read it, we can all think about and discuss it, but the one thing we cannot do is to undertake any of that in an organised way. When pre-legislative scrutiny was introduced into our procedures, it was a very good and useful reform. Surely if formal pre-legislative scrutiny should be used at all, it should be in respect of a Bill that is already published and that the Government know they would dream of introducing only in an extreme emergency—at a point when people's emotions would be running extremely high. As it happens, we have the chance to discuss the Bill at the moment in a calm and reflective atmosphere. I cannot think of conditions in which pre-legislative scrutiny would be more appropriate.

Mr. Hogg *rose*—

Mr. Deputy Speaker: Order. I am in some difficulty, as the hon. Gentleman's suggestions would be more appropriate for another day. Reference to the Bill is appropriate, but if the hon. Gentleman continues to pursue this line of argument much further, I shall have to stop him. Does the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) wish to intervene?

Mr. Hogg: I do not think that my comment will offend against what you said, Mr. Deputy Speaker. I simply wanted to make the point that if the Bill is introduced in an emergency, the probability is that it will be done in one day and the House will not have a chance to amend it.

Mr. Deputy Speaker: Order. I do not want to keep intervening, but that matter would also be more appropriate for another occasion.

Damian Green: The Government's motion to disagree with their lordships needs to be seen from the perspective of their ultimate intention. The Minister has assured us that there are no powers in the Bill to bring back pre-charge detention beyond 28 days, yet we know from the draft Bill that the Government wish to keep that power in reserve. I hope that the House will take that into account when it hears the Minister asking us to agree to disagree with their lordships on this matter. His case is materially weakened by the existence and content of the draft Bill and by the fact that we are not allowed to scrutinise it properly. I am sure that all Members will bear that in mind when deciding whether to give the Government the benefit of the doubt on this group of amendments.

Mr. Winnick: I hope that there will not be a vote on Lords amendment No. 3, but if there is, I will not vote with the Opposition. I may not vote with the Government either, just in case that is used in evidence against me at some later stage. I had to be very careful about how I voted in the Home Affairs Committee. As my right hon. Friend the Member for Leicester, East (Keith Vaz) is aware, I voted against the measure. Had I not done so, that would certainly have been used as evidence against my point of view on Second Reading.

In the end, as we know, the 42-day proposal was defeated in the House of Lords and carried by a majority of nine in the House of Commons. I am sure it was simply a coincidence that nine happened to be the number of Democratic Unionists who were present and voted on that occasion, but in any event the majority was just nine. Obviously a fair number of members of my own party took the same view that it was necessary to detain people for 42 days before charging them.

There is no doubt that the Government have not abandoned their wish to introduce the 42 days' provision. They have made absolutely no secret of that. The Home Secretary was quite frank when she came along on 13 October, after the defeat of the measure in the House of Lords. She did not suggest for a moment that the Government had changed their mind.

The Government are, of course, perfectly entitled to change their mind, but the fact that I strongly disagree with them on this issue does not mean that they have to do so. They have stuck to their opinion: they still believe that detaining people for 42 days before charging them is justified. That is the difference of opinion between the Government and those of us who take quite another point of view.

Many people, including the outgoing Director of Public Prosecutions, have said that they see no necessity for people to be detained for more than 28 days. I reminded the Home Secretary in the Home Affairs Committee last week that not one but two former directors general of MI5 were opposed to it. She was a bit surprised, and asked me to name the second; I replied that it was Stella Rimington. It is obvious that quite a large body of people who know all about the dangers of terrorism are not persuaded by any means that it is necessary—at least at this stage—to detain people for longer than 28 days. It should also be borne in mind that three years ago the House doubled the period of pre-charge detention from 14 days to 28.

Pete Wishart: The hon. Gentleman is advancing a powerful argument. Given the Government's determination to see this through and try to secure the 42-day measure, and given the total opposition to which the hon. Gentleman rightly refers, would it not provide added security for the measure to be included in the Bill, at least to ensure that it is stopped in its tracks?

Mr. Winnick: Obviously the hon. Gentleman and I do not disagree on the issue of pre-charge detention, but my hon. Friend the Minister made it perfectly clear in response to an intervention that the measure we are discussing cannot be used to extend pre-charge detention beyond 28 days. If there were some mechanism allowing it to be so used, I would be inclined to vote, and indeed to press for a vote; but as the Minister has said what he has said and it is in *Hansard*, I see no need to put to the vote an amendment that would without doubt be defeated. Indeed, I wonder from a tactical point of view whether voting for it would serve the interests of those of us who see no justification for an extension beyond 28 days. However, this is not my amendment, and it is up to the Opposition to decide what to do.

I do not want to go against your wishes with regard to the other Bill, Mr. Deputy Speaker. It has been published, as we know. Last Thursday, along with other members of the Home Affairs Committee, I pressed the Home Secretary on the issue. Whether we want it to be debated at some stage is another matter, although I should like to see it completely dropped.

I do not believe that 28 days should be set in concrete. I have said before, and I repeat today, that if there is compelling evidence that it is absolutely essential for the security of our country that we should go beyond 28 days, I will vote for it—others may not, but I will. However, there is no such evidence, and all the authorities that have been mentioned have also made it clear that there is no justification for it. I would like the extension provision to be dropped, but as there is no mechanism in the measure before us for extending the period, I urge that the amendment not be pressed to a Division.

5 pm

Chris Huhne: The Liberal Democrats are very pleased that the Government have decided not at this time to press for any further extension of the period of detention without charge. We are not in any way being softer on terrorism or less enthusiastic about bringing terrorists to justice than any other party, but there is a fundamental disagreement about the correct and most effective way of tackling this situation. As the hon. Member for Walsall, North (Mr. Winnick) pointed out, this House passed this measure by only nine votes and nearly rumbled the Government in their arguments on the extension of the period of detention without charge, and the House of Lords then comprehensively did so, with a substantial majority voting against. There is no doubt that over the whole period that we have been considering this matter the arguments of the Government—of Ministers and the Prime Minister—have been comprehensively lost. I wish now to summarise why it is appropriate to press these amendments withdrawing the relevant provisions in the Bill to a vote.

This country already has a period of detention without charge of 28 days. Ministers have in the past suggested that international comparisons are always difficult, but international comparisons between our country as a common law jurisdiction and other common law jurisdictions are not difficult. We have a longer period of detention without charge than any other common law jurisdiction. It is, in fact, more than double the length of the next longest period of detention without charge of such a country, which is Australia's period of 12 days. Even in Australia, the provisions for extending the period to 12 days specifically introduce periods of cooling off in between the interviewing of suspects.

As I have pointed out, Sir Ken Macdonald, the outgoing Director of Public Prosecutions, clearly said that he did not need these powers precisely because conviction rates on terrorism are running substantially ahead of the Crown Prosecution Service's general success rate in serious crime. That shows that there is the necessary flexibility for the CPS to bring charges; it can bring charges against people, and it is unnecessary to hold them for prolonged periods.

What is, perhaps, most important is that this country has always attempted to respect the principle of people being innocent until proven guilty, and the people who are most likely to be caught up in a prolonged period of detention without charge are the innocent, precisely because they are likely to resist and to fail to give any evidence. As a result, we have discovered that the majority of those who have been held right up to, or very near, the end of the period of 28 days have been totally innocent—innocent in the sense that there has been no desire to conduct further investigations or, as we know from what the Home Office has said, to take any further action taken against them of the sort that would be available under other provisions.

There is a real risk that if we were to go down the road of extending detention without charge from 28 days in the draft Bill that the Home Secretary has placed in the Library, we would alienate a very substantial section of the ethnic minorities whom we need for our intelligence leads to find terrorists. Indeed, we also need them to come to court to give evidence as witnesses. As we know, the parallels are not exact, but there is no doubt that when the House went over the top and introduced disproportionate powers to tackle Irish terrorism in Ulster—internment—it had a dramatically counter-productive effect on the minority Catholic community's willingness to give evidence and come forward as witnesses.

Mr. Winnick: If 42 days is unfortunate and not necessary, what would have been the reaction of the

[Mr. Winnick]

minority community to which the hon. Gentleman referred if 90 days had been agreed to?

Chris Huhne: I entirely agree that 90 days would have been even worse. I must say that I have never understood exactly where the figure of 42 came from. Why was it 42 and not 40 or 44? I suspect that a secret fan of the "The Hitchhiker's Guide to the Galaxy" in the Home Office realised that the answer to life, the universe and everything is always 42. There does not seem to be any other basis for proceeding on 42 days.

It worries us that there is a Bill in the Library that could be introduced when the Government think that our rational faculties, as a Chamber, were completely suspended. The Government have made it clear that they would proceed with the Bill only in the wake of another terrorist outrage, when, understandably, there would be considerable moral panic in the newspapers, including some of the tabloids.

We know from history that some of the worst legislation that we have ever committed to the statute book was passed on precisely such occasions, when there was moral panic—for example, the Dangerous Dogs Act 1991 and the Official Secrets Act 1920, which was passed following a moral panic under the coalition Government in the first world war.

Keith Vaz: I accept what the hon. Gentleman says, but is he not grateful that the Home Secretary has published a draft Bill, giving Parliament the opportunity to scrutinise it before it is introduced to the House?

Chris Huhne: The right hon. Gentleman is usually an exceptionally acute Member of the House, so it has surely not eluded him that the Home Secretary has no intention of subjecting the Bill that she placed in the Library to a proper debate in this Chamber. No Government time has been made available for it. She has said only that, in the wake of a terrorist outrage or some such event, when it might be necessary, we could return to the matter. What that actually means is that this Chamber—we know this from history—will be asked to consider the matter again when it is most likely to have suspended all its rational faculties. Frankly, that seems absurd.

We should consider what is appropriate legislation for dealing with a terrorist threat rationally and coolly, taking into the account all the proper authorities. When we have done so, the Government have comprehensively lost the argument, and the Lords has comprehensively routed their desire to extend the period of detention without charge from 28 to 42 days. I hope that, as a result, we will allow the Lords amendments. Labours Members, especially those on the Front Bench, should be under no illusion that in the calm, cool light of day, they have lost the argument. Therefore, the supposed Bill that has been placed in the Library is no more than a fig leaf to disguise their embarrassment.

Keith Vaz: I am sure that the Minister will be pleased to know that I rise to speak in support of the Government's position, unlike in the previous debate on the DNA database. He has made it clear to the House that the Government are not going to go beyond 28 days in the Bill. The Home Secretary has also made it clear that, because of what happened in the other place, the Government had to rethink their position. Quite rightly and properly, she came to the House on 13 October to say that she would not proceed with that aspect of the counter-terrorism measures.

I am glad that the Government have proceeded with all the other bits of the proposed legislation, most of which had been recommended by the Home Affairs Select Committee in our report published at the end of last year. I will not go through all the bits and pieces now, because this debate is to do with 28 versus 42 days. However, the Government have taken the right approach. Governments are often criticised for not listening and not understanding the views of the public or, indeed, of Parliament, but the Government and the Home Secretary have listened on this occasion, and I am glad that she did what she did. I accept absolutely—I am surprised that anyone would not do so—the categorical assurance from the Minister with responsibility for policing and counter-terrorism that there is nothing in the Bill that will extend pre-charge detention beyond 28 days. I therefore have no hesitation in supporting the Government on this point.

Reference has been made to the draft Bill. I am not going to dwell on that matter, because that is a debate for another day. However, the Home Secretary was right, on the day on which she announced that she was not proceeding with the 42 days provision, to place in the Library of the House and the Vote Office—and to send me and other members of the Committee—a copy of the draft Bill. It is also right that Parliament should debate that Bill at some stage. There are two distinguished members of the Home Affairs Select Committee present today: the hon. Member for Newark (Patrick Mercer) and an even more distinguished member, my hon. Friend the Member for Walsall, North (Mr. Winnick). He has served on the Committee for longer, so he is, by definition, more distinguished than the hon. Gentleman. As the Minister knows, the Committee has a very heavy schedule at the moment, but I am sure that, when we look at our schedule for next year, we shall find an opportunity to look at the draft Bill. We need to do that not in an emergency, when we are dealing with a crisis in society. The Committee needs time to scrutinise it, and I am sure that we will have the same high-quality discussions on it as we had when we considered this matter last year.

Damian Green: The right hon. Gentleman raises the timing of the Select Committee's scrutiny of the draft Bill, but none of us knows if or when another terrorist outrage will happen. He appears to be saying that his Committee will do the necessary scrutiny work on the Bill, and I urge him to ensure that it does so as soon as possible. We do not want to debate the new Bill during a crisis, but none of us knows when such a crisis might occur.

Keith Vaz: I cannot decide on my own what the work load of the Committee is to be. There are two other members of the Committee here, and we will certainly look at the matter as soon as we can, bearing in mind our schedule of work. It is in the interest of Parliament that we do that quickly.

I pay tribute to my hon. Friend the Member for Walsall, North, because it was not easy for him to be in a minority in his party. He clearly loves his party; he has been devoted to it and supported it, and he very rarely rebels against it, as we can see from his voting record. He has supported the Government almost without exception over the past 11 years, and it was not easy for him to vote against them, to be the focal point of the campaign on 42 versus 28 days, or to come to the Select Committee after months of scrutiny before we published our report and to be the only member of his party to vote against the proposal. That was not easy for him, especially when Conservative and Liberal members all came to one conclusion on the matter.

I should like to remind the House that this is a debate about 42 days, not about the draft Bill. The Committee said:

> "If, in...exceptional circumstances, a temporary extension of the pre-charge detention period is deemed essential to secure successful prosecutions of terrorist suspects, the Government should consider building support for proposals that effectively reform the powers of the CCA"—

the Civil Contingencies Act—

> secure parliamentary scrutiny and judicial oversight, but stop short of the requirement to declare a full-scale state of emergency. We urge the Government to begin urgent discussions with other parties on this basis."

5.15 pm

We talked about the exceptional circumstances to which the Government referred in the draft Bill that was placed before the House on 13 October. The Opposition have talked about an emergency situation, as did Lord Goldsmith. He is a dear friend of mine and I respect him greatly, and when he was Attorney-General he supported 90 days—indeed, I too voted for 90 days—as did the previous Lord Chancellor, whom I served as Parliamentary Private Secretary. These are people of the highest possible eminence, and they accepted that there would be an emergency.

Liberty also accepts that, and even the great Shami Chakrabarti, for whom I have huge admiration, accepts that. I know that the Conservative party has also recently had huge admiration for Liberty, proving that being in opposition is a wonderful thing—*[Interruption.]* The Liberal Democrats have always loved Liberty. Shami Chakrabarti has mentioned exceptional circumstances by referring to the Civil Contingencies Act 2004, because that is all about declaring a state of emergency. Let us not delude ourselves: we accept that there may be an emergency.

The hon. Member for Eastleigh also spoke about an emergency. He does not want to consider such legislation in the middle of a crisis, in which people have been blown up and the police are raiding homes and arresting and questioning people. He does not want to have the discussion then, so he acknowledges that such a situation will happen. He is right: Parliament must prepare for that in advance. A Home Secretary should not have to come before the House and make a statement, with everyone rushing around like headless chickens, and say that we have to support the Government, because if we do not we will be supporting terrorism.

Chris Huhne: The right hon. Gentleman must recognise that the draft Bill is just a fig leaf to cover the Government's embarrassment. Those provisions were debated extensively—including in an enormous national debate, let alone in this Chamber—and the Government lost the argument. All the Government are trying to do is ensure that it will be revisited at a time when rational argument will be suspended. That is not the appropriate time to make legislation.

Keith Vaz: We do not have to wait for that occasion. Of course, we are not discussing the draft Bill today, but if the Government refuse to make time available to discuss the Bill—I hope that they will make time available—the Liberal Democrats could make some of their time available to discuss it, as could the Conservatives. Indeed, if the Home Affairs Committee decides that it is something that we need to do as a matter of urgency early next year, we can look at it too. We have the opportunity to ask for time for a discussion on counter-terrorism. The hon. Gentleman is right: we should discuss these matters out of the glare of a terrorist attack, when people can put their views forward—

Chris Huhne: We have!

Keith Vaz: We discussed them in relation to 28 days versus 42 days, but I thought that he was saying that we should discuss the draft Bill. We should, and I hope that we will do so as quickly as possible. In the meantime, the Government's position is clear. Nothing in this Bill will take us beyond 28 days, and we should stick to that position, because that is the basis on which the other place voted down the Government's proposals and it commands the consensus of the House.

Today is the first time that I have heard my hon. Friend the Member for Walsall, North talk about what would happen in an emergency. I promise not to use that in evidence against him, but he did foresee the possibility of an emergency in which that Bill might be considered. If the evidence was before him, he said, he would vote for the Bill. I have not heard him say that before.

Mr. Winnick: I hope that I have not been misunderstood, because it is not a matter of an emergency. I said I would do that if there was "compelling evidence". I am grateful for the kind remarks that my right hon. Friend made about me, but I hope that he will not work on the basis that if there is a terrorist outrage—another 7/7—that in itself would necessarily justify extending detention beyond 42 days. The fact is that no amount of pre-charge detention would have prevented the outrage of 7/7, which took the lives of 52 totally innocent people.

Keith Vaz: I agree with my hon. Friend. My comments about him are well deserved. He put that point to the Home Secretary last Thursday and asked when the provisions would come into effect—for example, on day one, or an hour after the outrage occurred. He asked whether she would come before the House with her Bill and how much time would be available to discuss its provisions. He was absolutely right. We need to pin the Government down on this point now.

I hope, as we have had the debate, that the Bill and the new clause inserted by the Lords amendment represent closure on the matter. I hope that the Government will not wait for the outrage but will make available the necessary time for proper scrutiny of the draft provisions.

Mr. Garnier: Although I frequently agree with the right hon. Member for Leicester, East (Keith Vaz), who

[Mr. Garnier]

is also my neighbour, the matters that we are dealing with today do not represent closure. By the very nature of the Government and the Home Secretary's production of the draft Counter-Terrorism (Temporary Provisions) Bill, in which clause 1(2) substitutes 42 days for 28 days, they are constantly reminding us that the Home Secretary found the decision of the other place to stick to 28 days rather than 42 days deeply disagreeable.

The Home Secretary will not drop the bone. She will not let the matter go. She is behaving almost like Violet Elizabeth Bott rather than a rational Home Secretary. She refuses to see that she has lost the argument and she will go on stamping her feet. The draft Bill represents the stamping of her feet. I agree with the hon. Member for Walsall, North (Mr. Winnick) and all the others who advanced arguments against the 90 and 42-day limits. I have grave doubts about the 28-day limit, but that is the decision that both Houses of Parliament have arrived at. We ought to stick to that for the time being.

It is tempting for a Government who have been defeated in the unelected House—a Government who managed to get the provision passed in the summer only by what I shall call an unusual majority, as I do not want to use unparliamentary language—to try to achieve their goal of a 42-day limit. I accept that politically and in terms of public relations such a defeat is very embarrassing and rather annoying, but it will not do for the Government to produce a moose under the table, as they say in Alaska—that is, what we used to call an elephant in the room—and to pretend that we cannot talk about it. The draft Bill is sitting in the Library and the Vote Office, partly as a threat and partly as a piece of Violet Elizabeth Bott-style spoiled child behaviour.

Clause 22 of the Bill as it went to the other place, which has been knocked out by Lords amendment No. 4, defined something called a "grave exceptional terrorist threat". Such a threat meant

> "an event or situation involving terrorism which causes or threatens...serious loss of human life...serious damage to human welfare in the United Kingdom, or...serious damage to the security of the United Kingdom."

Such an event is the precise trigger that would get the draft Bill out of the Library. I urge the Government and the right hon. Member for Leicester, East to ensure that the draft Bill or the concepts that lie in it are thoroughly discussed in an inquiry by the Home Affairs Committee. Along with the right hon. Gentleman, I was a member of that Committee in the early 1990s and I seem to remember that, regardless of its party political majority, we discussed matters of serious importance to the home affairs remit in a collegiate fashion.

Keith Vaz: I can tell the hon. and learned Gentleman that I will put the point that he makes to the Committee at its meeting tomorrow, and ensure that the matters that he has raised will be considered.

Mr. Garnier: I am extremely grateful. It is reassuring that some part of the House of Commons will have the opportunity to discuss the draft Bill in a relatively calm and consensual environment. Of course there will be individual disagreements, but I have a suspicion that the Committee as a whole will produce one report. It is highly unlikely that there will be a split.

Keith Vaz: I have learned one thing since taking over as Chairman of the Home Affairs Committee—never predict what it will do. There were lengthy and complicated discussions over the last report on counter-terrorism, and members of the Committee from all parties are very robust on this issue.

Mr. Garnier: And so they should be, but I have no doubt that the right hon. Gentleman and his colleagues on the Committee—Labour, Conservative and Liberal Democrat—will come forward with a considered view on the matter and produce a report that will be not only worth his producing but worth our debating. I hope that he will suggest to his Committee tomorrow that it should hold such an inquiry and that, once it is done, the Committee can persuade the Leader of the House to allow time on the Floor of the House for the report's conclusions to be debated. I am sure that he and his colleagues will play a very active role in that debate, when it comes.

I want to make it clear that the House should not be satisfied with what the Government have done so far. I am delighted that they have accepted the Lords amendments and are not asking this House to reverse them. I think that that is a very sensible way forward, but I am concerned that in the absence of a report from the Home Affairs Committee and of a debate on the Floor of the House, we will find that we have to do something about a terrorist threat that is both "grave" and "exceptional".

The concept is extraordinary, if I may say so: by its very nature, a terrorist threat is grave and I should like to think that it is exceptional, but what happens if it is grave but not exceptional or exceptional but not grave yet none the less a terrorist threat? Irrespective of the clumsy language that has now been taken out of the Bill, I should like to think that the Government will react in a rational way to the next, or any future, terrorist outrage. I have absolutely no way of telling whether there will be one, or when, or what form that outrage might take, but it is reasonably certain that we cannot rule such a thing out.

We therefore need to be adult about this matter, and to realise that there will probably come an occasion when we again have to consider 28 or 42 days' detention. However, I want to do that in the light of some better advice from the Home Affairs Committee and of a debate on the Floor of the House. What I do not want is to see the Home Secretary in her Violet Elizabeth mode come screaming in here the day after a hideous bomb outrage and demanding that we immediately enact her draft Bill.

Damian Green: My hon. and learned Friend has mentioned the debate about 28 as opposed to 42 days, but it is worth putting it on record that many of us regard 28 days as an exceptional circumstance. We look forward to the day when we feel confident enough to reduce that figure as well.

Mr. Garnier: That was a compromise arrived at and brokered by the hon. Member for Walsall, North (Mr. Winnick). Were it not for his amendment, I think that we would be hovering somewhere above 50 days and trying to get some reduction from the 90 days that the then Government were trying to achieve. I agree with my hon. Friend that 28 days is in many respects a jurisdictional aberration, but it is where we are. We have settled on that figure for the moment, but I hope that a time will come when we can reverse it back to 14. I hope that we might even get it down to seven, although I do not see those circumstances in the immediate future.

I urge the Government not to rush to the Chamber after some hideous event, buoyed up—or rather fuelled—by the natural emotional outrage of the public and individual Members of Parliament, and think that they can put through an inadequate or improper piece of legislation. The fact that something has been sitting on a shelf in the Library for weeks, months or years does not constitute scrutiny or rational appreciation.

5.30 pm

I urge the right hon. Member for Leicester, East to do as he indicated, not only because it is the proper thing for Parliament to do, but also because it is necessary from our constituency points of view. He has a larger Asian community in his constituency than I have in mine—although mine is growing—but we both represent communities that would be affronted to think that innocent people, British citizens born in this country, could be lifted and put away for 42 days without charge. He knows how socially divisive that could be, and I am beginning to understand, as a constituency MP, the sensitivities felt by some of those in our communities who used to be called immigrants but are no longer immigrants. They are British-born citizens who deserve every respect and ought to see the law working for them rather than against them. I look forward to working with the right hon. Gentleman both locally in Leicestershire and here in Parliament to ensure that the Government follow the advice of the entire Parliament rather than a small group of No. 10 policy advisers who may have another agenda.

Mr. Coaker: I shall be brief, Mr. Deputy Speaker. I thank Members for their contributions to the debate and discussion of this small group of amendments. In disagreeing with Lords amendment No. 3, I reiterate that there is nothing in the Bill that would allow the Secretary of State to extend the maximum period of pre-charge detention beyond 28 days. I make that point again for the reassurance of Members.

Keith Vaz: I am sorry to interrupt my hon. Friend at the start of his remarks. If the Select Committee undertook an investigation into the draft Bill, I think it would be a good idea, although it is up to the members of the Committee. Incidentally, I omitted to mention the presence in the Chamber of the hon. Member for Carshalton and Wallington (Tom Brake), another of its distinguished members. I realise that management of the business of the House is not up to my hon. Friend the Minister or the Home Secretary, but will he use his good offices to make sure that as soon as the report is available, assuming it is produced quickly, time will be made available to discuss it on the Floor of the House? I realise that is not a matter for my hon. Friend, but it is in everyone's interest.

Mr. Coaker: Obviously I look forward to attending the Committee, if either the Home Secretary or I are invited. One would hope that the report of the Home Affairs Committee would be discussed expeditiously.

With those words, Mr. Deputy Speaker, I hope we can agree to withdraw amendment No. 3.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I think the Minister wishes to disagree with Lords amendment No. 3.

Mr. Coaker: I think you know what I meant, Mr. Deputy Speaker. You are right and I am wrong.

Mr. Deputy Speaker: I was getting there.

Lords amendment disagreed to.

Lords amendment No. 15 disagreed to.

Government motion to transfer clause 33 agreed to.

Amendments (a) and (b) in lieu of Lords amendment No. 15 agreed to.

After Clause 68

Lords amendment: No. 82.

The Economic Secretary to the Treasury (Ian Pearson): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 113 and 127.

Ian Pearson: We change gear, in terms of the subject matter. The amendments were introduced in the other place to provide the Treasury with essential powers to protect the UK economy from potential threats of money laundering, terrorists financing and proliferation activity. I should like to record my thanks for the constructive approach taken by the Conservative and Liberal Democrat parties in the other place: their engagement helped not only to refine the provisions but, critically, to progress them.

I acknowledge that the amendments were introduced at a late stage in proceedings on the Bill. The pressing need for them became apparent only quite late in the day, as events unfolded in the Financial Action Task Force. As I shall explain, those events had the unfortunate effect of making it clear that our current powers were no longer completely effective for discharging our international responsibilities.

The UK has been at the fore of international action to tackle the problems posed by jurisdictions of concern in relation to money laundering, terrorist financing and the proliferation of chemical, biological, radiological or nuclear weapons. We are determined to maintain that leading role. On 16 October 2008, the FATF issued a statement for which we and others had pressed hard, calling on members to take increased preventive action to protect their financial systems from the risks posed by terrorist financing deficiencies in Iran and money laundering deficiencies in Uzbekistan. We anticipate that there may be further calls for increased action at the FATF's next meeting in February 2009.

Damian Green: Given what the Economic Secretary has just said, is it possible that, after February, the Government will need to find a further legislative vehicle to put in place more emergency provisions, as has happened on this occasion?

Ian Pearson: I will go on to deal with that subject and if anything remains unclear at the end of my speech, I will be more than happy to take another intervention from the hon. Gentleman. However, let me say now that we think that the provisions here are suitable for the purposes for which we require them.

The intention of the FATF's statement is crystal clear. For example, on Iran, it said:

> "The FATF calls on its members, and urges all jurisdictions, to strengthen preventive measures to protect their financial sectors from this risk."

However, the UK's powers in the Money Laundering Regulations 2007 require a formal invocation of counter-measures by the FATF and, unfortunately, the statement did not use that specific term, owing to the concerns of certain members—a reluctance that the UK has run up against in other international forums attempting to take action on these important matters. The October statement therefore exposed potential difficulties with the UK's legislation: if the FATF does not formally call for counter-measures, we are unable to employ the powers in the money laundering regulations, no matter the scale of the risks.

As the Financial Services Secretary to the Treasury explained in the other place, the Government do not have the option of simply adapting the money laundering regulations to alter the powers trigger to reflect the reality at the FATF. That is partly a reflection of the fact that the current money laundering regulations implement the EU's third money laundering directive, whose primary focus is member countries' internal money laundering controls and so contains only some powers to implement the FATF counter-measures; it therefore does not provide the basis for us to take the full set of steps outlined by the taskforce. However, in my view, it is in any event more appropriate for the provision of new powers to be set out in primary legislation, rather than in regulations made under a statutory instrument.

It might be useful if I provide a brief recap of the content of the provisions that we are discussing. The amendments provide for the Treasury to apply a range of financial restrictions, but only in very specific circumstances. It may do so either in accordance with a recommendation of the FATF relating to the need to protect against the risks posed by money laundering and terrorist financing in a jurisdiction of concern, or it may do so on its own initiative because money laundering, terrorist financing or proliferation activity poses a significant risk to the UK's national interests.

Specifically, the amendments would allow the Treasury to direct financial and credit institutions to impose: stricter requirements for customer due diligence, such as requirements to identify clients, beneficial owners and the nature of business relationships; stricter requirements for ongoing monitoring of transactions; a requirement systematically to report all transactions with designated entities; and a requirement to limit or stop business with designated entities.

The range of measures proposed are essentially those that can be recommended by the FATF. They allow for a graduated approach in the monitoring and, where necessary, limitation of business with relevant entities. The measures are applied proportionately, using a risk-based approach. I note for the avoidance of confusion that they are not asset-freezing powers.

The new powers have some application in connection with proliferation financing. As some hon. Members may be aware, however, the FATF counter-measures apply only to risks from money laundering and terrorist financing. Proliferation financing is an area of growing international concern. The UN, the EU, the FATF and the G7 have all expressed concern about financial systems being abused by proliferators. Indeed, under the UK presidency last year, the FATF included a responsibility to address proliferation financing in its remit and published a report on proliferation financing in June this year. The UN and the EU have provided new powers at international level to help to tackle the issue in relation to Iran, but they are not appropriate for dealing with serious proliferation risks. They do not, for instance, enable the UK to act to direct the ceasing of transactions. We have therefore moved to address that important and related area of concern in the provisions before us.

The Government have been careful to ensure that appropriate safeguards relating to the exercise of those powers were included in the provisions. It is worth while briefly noting some of them for the record. First, directions applied beyond the level of individual firms have to be made via an order. In the case of a direction to limit or cease business, the order is under the affirmative procedure. In any event, all directions cease to have effect one year after being made. They can, of course, be renewed if necessary after that, or indeed revoked before the year has elapsed. Secondly, in the event of a direction to limit business, a licensing regime has been provided to enable the Treasury to minimise the impact on third parties. Thirdly, the provisions require the Treasury to report annually on the use of the powers. I understand that there was a good debate on the subject in the other place, and the Government committed to making a full report. Let me reiterate that commitment in this Chamber.

When the Bill passed through the other place, further useful requirements were placed on the Treasury in its use of the powers, following cross-party engagement. There is now an explicit duty on the Treasury to ensure that any directions issued are proportionate to the threat that they are combating and do not impose unnecessary burdens on business. There is also now an explicit duty on the Treasury to assist supervisors and others in developing guidance, so that we can ensure that any directions issued can be implemented effectively. Of course, the Treasury would have exercised its powers in that fashion in any event, just as we do under our current regime, but we are happy to have such requirements stated in the legislation.

The provisions also set out supervisory and enforcement structures for the new powers. The Government's intention is that the structures replicate those that were established in the Money Laundering Regulations 2007, which form the basis of our current anti-money laundering and counter-terrorist financing regime. We have therefore made in the amendments provision to extend the powers of the supervisory bodies that are responsible for financial and credit institutions, namely the Financial Services Authority, Her Majesty's Revenue and Customs, the Office of Fair Trading and the Department of Enterprise, Trade and Investment in Northern Ireland. That extension will enable them to supervise compliance with any directions as part of their wider role. Again, the enforcement provisions were well debated in the other place, and useful amendments and clarifications were made.

5.45 pm

To conclude, in recent years, international pressure for action to counter terrorist financing, proliferation activity and money laundering has been increasing. The United Kingdom has led international attempts to tackle those threats and to protect the international financial system, but we are now restricted by the combination of factors that I have mentioned. In contrast, several of our international partners, such as the United States, France and Germany, already have, or also seek, similar powers. The UK Government seek such powers to enable the UK to take appropriate measures to protect itself from internationally recognised threats. The provisions under discussion would enable us to take the necessary preventive but proportionate action to protect UK national interests and prevent potential abuse of the UK economy. We do not believe that further powers will be needed in February, but we do believe that the provisions before us represent a full suite of counter-measures. I commend the Lords amendments to the House.

Damian Green: First, I should apologise to the House, because, while the Government provide variety on their Front Bench for the Treasury aspects of the Bill, sadly, on the Opposition Front Bench, the House is still stuck with me.

Secondly, the Minister will agree—indeed, he indicated as much in his opening remarks—that this is a fairly extraordinary process. The provisions are extremely important to the Bill and to the wider battle against terrorism, but, although I quite understand the pressures, not only were the provisions not introduced in this House, but they were introduced at a late stage of the Bill's passage in the other place. Indeed, their lordships were given little more than 24 hours to look at the measures before they were debated. I hear what the Minister says about the fact that the Financial Action Task Force laid down guidelines that the Government then had to follow, but I hope that he will agree that, for complex financial regulations in particular, this is not the way in which a Government should proceed.

Like the Minister, I carefully studied the debate in the other place, and I agree that it was extremely good—robust, detailed and purposeful. Nevertheless, I suspect that the level of scrutiny that this important provision deserves will not be obtained, because of the way in which both Houses have had to discuss it. My noble Friend Baroness Neville-Jones made the point about "rushed legislation" and, perhaps even more importantly, about powers being used inappropriately. That is a serious long-term danger. If we discover that the provisions either do not do their intended job or cause problems for those whom they cover, it will be legitimate for people who are badly affected to ask, "Why wasn't Parliament doing its job?" The answer will be that, perhaps, Parliament was not given enough time to do its job.

Recently, we saw the effect of the spill-over into the financial sector of legislation that people regarded as anti-terrorist with the Landsbanki case in Iceland. The Icelandic Government and people were offended enough by the actions of the British Government; their appearing to have fallen under the provisions of anti-terrorist legislation added insult to their injury. We would not want to repeat that type of diplomatic problem.

Having said all that, I completely agree with the proposition underlying the measures in this element of the Bill. There are gaps in our ability to tackle the financing of terrorism—money laundering, and particularly the new phenomenon of proliferation financing, which the Minister identified. Some of the crimes involved are new, so we do not have the appropriate tools to deal with them. The need to deal with them, however, is self-evidently a policy objective that we Conservatives entirely share with the Government.

As my noble Friends in another place made clear, we support the broad thrust of the amendments. Indeed, I am sure that I share with the Minister a slight sinking feeling at the Treasury's discovery that it does not have the powers to allow the UK to apply all the measures that the FATF has now decided are necessary. That could be an embarrassment to us. In these difficult times, we all want to protect the reputation of London as a financial centre, and we will need appropriate powers to stop terrorist financing, to preserve London's reputation in the years ahead. At the moment, we cannot require a business to be aware of all the risks, to take the extra diligence or to supply systematic reporting when transacting with jurisdictions of concern. Clearly, we need to be able to impose such requirements. I hope that the provisions will enable us to do so.

The essential thrust of the provisions will meet no opposition from the Conservative party. However, the Minister will accept that they represent a significant extension to Treasury powers. As a consequence, even given the limited time scale, widespread consultation would have been extremely advisable, for the purposes of diplomacy and getting a more practical outcome. From what I have seen, the lack of such a consultation has been a fairly significant failure on the part of the Government. I was struck by the briefing provided by the British Bankers Association, which is absolutely central to the process of making the regulations effective. Its representatives say that late last month they were invited "at very short notice" to meet Treasury officials to discuss the amendments in this group. They go on to say:

> "There was therefore no prior formal consultation of industry and it is difficult if not impossible to say how they"—

that is, the provisions—

> "will impact on the banking and financial services industry. No consideration has been given on how the proposed new powers will work in practice, nor indeed whether they will work properly in conjunction with other relevant legislation."

In the context of the support that I offer the measures, I should say that that verdict is pretty damning from a trade body most affected by a new and important piece of legislation. Its representatives say that, as far as they can see, no consideration has been given to how the proposed new powers will work in practice, and that is surely unacceptable. In his concluding remarks, I hope that the Minister will address the issue of consultation and what has been happening. This briefing arrived yesterday afternoon, so it is clearly contemporaneous. The big banks that operate out of London feel that they are being ignored and steamrollered by these provisions.

The BBA also makes the valid point—again, I hope that the Minister can comment on it—that the proposed regulations represent the Government overturning their own policy to require that a cost-benefit and an impact analysis be carried out before introducing new legislation.

[Damian Green]

That has not been done. The BBA says that it is particularly concerned about schedule 7 and clause 64 and makes a number of specific recommendations, not all of which I necessarily endorse but to which I will turn in a moment.

The House, and particularly the Minister, should consider the BBA's observations on the possible impact on its industry. First, it says:

> "It is not possible to assess the likely impact on industry with any accuracy or clarity given the absence of information from HMT about how they might use the new powers. This is both in regard to frequency of use and scope (especially in terms of individual transactions)."

The Minister started to address some of those issues during his speech, but a much more detailed explanation will be needed to make it possible for the industry to respond intelligently. The BBA thinks that

> "the likely impact must be seen as potentially very wide",

and goes on to say that

> "there is simply uncertainty about what operational difficulties might arise"

on a day-to-day basis as a result of the exercise of these powers.

The BBA also says, as one would expect:

> "Banks already seek to apply the FATF country risk assessments conscientiously."

The FATF recently made statements on two countries, Pakistan and Uzbekistan, which resulted in many of the banks based in London but with significant customer bases in those countries taking a decision to raise the risk profiles on their internal assessment bases and extend those to carrying out enhanced due diligence and monitoring. The BBA says:

> "If the extended powers from this legislation were to be applied on a widespread basis and on a large scale, this would have a disproportionate operational impact on banks which is plainly not possible to quantify at present."

The banks are doing their best to respond to increasing risk, but they do not know what effect these new regulations will have on them or whether, particularly given that some are in a fairly fragile state at the moment, they will add to costs.

To put this into context, a large high street bank may have 3 million UK payments transactions a day and some 45,000 cross-border transactions. The BBA thinks that these provisions appear to mean that

> "banks may have to identify single transactions from among these totals or identify individual accounts and 'cease or limit business' on an individual account. This could require a whole new team of staff"

in each bank

> "with specific new skills given the width of the Directions. Given the potential penalties for non-compliance, it could be difficult to find suitable staff willing to undertake this type of work (see Part 7 of Schedule 7 at para 30(5) where 'on conviction (for failure to comply with requirements imposed by direction) a person may receive a term of imprisonment for a term not exceeding two years or a fine or both'."

A job may not look very attractive if the bank offering it has to say, in all honesty, "We don't know how these regulations are going to work. We don't know if our systems can cope with them because nobody has consulted us about bringing them in." If they cannot get the people to do the due diligence and regulation, then passing this legislation may well do more harm than good. It also makes a point about the term "financial restrictions". The BBA believes that a requirement for intensive manual implementation and monitoring could be introduced. It says that the term is not properly defined in the legislation, so it is impossible to anticipate how the Treasury might seek to implement it.

6 pm

The BBA says that it is not clear how the proposed legislation could affect the banks' decisions to take commercial decisions to close, or exit, customer accounts that are the subject of monitoring orders. It makes another point that seems valid, and which I hope the Economic Secretary can address. The proposal takes no account of the fact that there is an established process with the Serious Organised Crime Agency for exiting customer relationships. The orders may run for a year, which could completely cut across SOCA's existing procedures. I hope that that is not a symptom of legislating in haste, and that other parts of the legislative jungle are not being cut through by this Bill. We have all seen that happen in the past. One Department produces legislation while the legislation of another Department—in this case, the Home Office—tries to do the same thing in a different way, but the two teams have never got together. The result is chaos. There is a strong possibility, if we are to believe the BBA, that that will happen in this case.

As I said, the BBA produced a series of recommendations, all of which I would like the Economic Secretary to comment on. He will say that some of them are impractical, and I will agree, but I hope he can at least give the House his initial thoughts on them. The BBA would like the Government to give the industry an opportunity to comment on any of the reports to Parliament on the Treasury's exercise of powers under the new legislation. That would be an obvious and easy thing to do. If there are going to be regular reports to Parliament, as well as discussions on the Floor of the House, Select Committees will become involved and the banks can give evidence to those Committees.

The BBA also suggests—I suspect that the Economic Secretary will jib more at this—that any agreed new powers should be subject to a one-year sunset clause. That would allow for immediate implementation, which is before us now, but could later allow such powers to be replaced by more considered legislation. It wants further consideration of the scope of the proposed legislation, as some professional bodies that undertake financial transactions appear to have been excluded. That is my understanding of the legislation as well, and it is a legitimate question for the banks to ask. I can see why professional bodies that carry out financial transactions on behalf of their members may be excluded, but I can equally imagine why the banks, for which such transactions are their central activity, will feel somewhat hard done by if they are required to fulfil obligations that are not placed on others. At the margins, that might have some effect on the competitive environment.

The final BBA recommendation was that guidance should be produced on scope, likely impact, right of appeal, oversight and legal issues before the new powers are exercisable. I understand that the powers will be exercised the day after the Bill has completed its passage—in all likelihood, within the next week. I hope that, as we speak, teams of the Treasury's best brains are producing guidance and that it is ready to roll. If not, may I suggest that they get on with it quite quickly, because the banks feel that they are to be faced with an entirely new world and do not know how they are supposed to behave in it? I am sure that the Economic Secretary agrees that that would be a somewhat unsatisfactory position.

I have almost never read such an anguished briefing at this stage of a Bill from a significant trade body, which is directly and seriously affected by this measure. The BBA is clearly in some pain because of the Bill and because it has not been properly consulted. I hope that the Economy Secretary can reassure the House and, perhaps more important, the BBA, that the body will become part of the process.

The underlying point on which I would like the Economic Secretary to reflect is that, although we support the intention behind the amendments and hope that the measures turn out to be practical when they are implemented, it is important that the Treasury does not impose unnecessary burdens on businesses in the current climate. The aim must be to avoid a disproportionate operational impact on business and to ensure that the new powers are interpreted and applied so that they provide the protections that we all want against terrorist financing but do not either make business more difficult to conduct in London or, to take it to extremes, drive business away from London, which would be bad for the economy and for fighting terrorist financing. People might be driven to jurisdictions that are less conscientious about trying to clamp down on such financing.

Although we support the general thrust of the amendments, the Economic Secretary has much on which to reflect and much to do to reassure those who will be directly affected by the regulations that they will not do great harm along with the good, which we all support.

Chris Huhne: I shall try to be brief because many of my concerns closely mirror those of the hon. Member for Ashford (Damian Green). We are passing significant legislation, which includes new criminal offences, in the most extraordinary way that I can remember in this place—not that my experience here goes back very far. However, when we dealt with financial legislation in the European Parliament, I was pleased to have Treasury support for European Parliament amendments that introduced sunset clauses precisely because we were concerned about the implications of different financial regulations and we wanted to build a firm framework in which they would be reviewed. A four-year sunset clause is built into most European financial regulations for that reason. I am sympathetic to the British Bankers Association's view that a sunset clause is appropriate.

Given that significant powers have been introduced in amendments in the Lords at a late stage, which have not been scrutinised in Committee here or even undergone careful scrutiny in another place, we are taking on trust from the Treasury basic aspects of legislation and the need for significant Executive powers. Liberal Democrat Members are reluctant to entertain that. We had taken the view, as we did in the Lords, that we would be as supportive as we could, but I reinforce the request of the hon. Member for Ashford for Treasury reassurance.

The amendments do not even provide for an impact assessment, which is meant to be a clear requirement for new regulations according to Government policy, as is the case with European legislation. There is no sunset clause. It would be useful to have an assurance from the Economic Secretary on the record that a formal review will be conducted, perhaps with a report placed in the Library, so that we can ascertain the practical application of the new provisions.

I find it worrying, too, that the people who are expected to apply the new regulations—in other words, the financial sector—have not had the benefit of clear guidance, even on something as fundamental as the right of appeal. That is not the sort of procedure that one would normally expect in legislation that has the effect of introducing new criminal offences. I had occasion to scrutinise a Finance Bill on its progress through the House a couple of years ago, and I know that the Treasury plays fairly fast and loose on amendments to the Finance Bill. However, we are not talking about tax; we are talking about possibly depriving people of their liberty. The Treasury needs to be cautious about applying the light approach that we have seen it take towards tax legislation to something that serious.

Although we shall support the proposal, albeit with a heavy heart, as we did in the Lords, I very much hope that the Minister can provide us with reassurances on the impact and on review and repeal, if not through a formal sunset clause—if the Treasury accepts the principle of sunset clauses on EU financial legislation, it should surely be prepared to accept one in this case. I hope, too, that he can give a firm commitment to provide guidance as quickly as possible on such key matters as scope and the right of appeal to those institutions that will be affected.

Ian Pearson: Let me respond briefly to the concerns that the hon. Members for Ashford (Damian Green) and for Eastleigh (Chris Huhne) have raised. I explained the need for the legislation in my opening remarks and do not wish to reiterate that. However, I should point out that, as I explained, the fact that the Financial Action Task Force did not specifically invoke the countermeasures meant that the UK could not exercise its powers under the Money Laundering Regulations 2007. I simply make the point that those regulations are already on the statute book. The British Bankers Association and others are aware of them and how they are implemented on an ongoing basis.

The Government recognise—and apologise for—the fact that the procedure has not been ideal and that there has been less time than we would have liked for consultation. However, we made significant efforts to consult relevant bodies before the amendments were tabled and some improvements were made to the provisions as a result. We were keen to consult the industry and have been working with the BBA. I can give the House the commitment that we will continue to work with the BBA on the detail of implementing the legislation, as well as with the joint money laundering steering group, which is a group of industry systems and compliance experts. We have also consulted all 28 of our current money laundering supervisors, which includes the FSA, the Office of Fair Trading and a range of professional bodies, such as the Institute of Chartered Accountants in England and Wales and the Law Society. The Serious Organised Crime Agency has also been consulted. As the powers are UK-wide, we have also consulted relevant bodies in Scotland and Northern Ireland.

[Ian Pearson]

The hon. Member for Ashford mentioned Landsbanki. We did not use anti-terrorism provisions when we took the actions that we did with regard to Iceland; rather, we proceeded on the grounds of economic security. The Anti-terrorism, Crime and Security Act 2001 goes much further than terrorism, as I think the House is now aware.

Let me give the hon. Member for Ashford and the House the reassurance that there is no intention to duplicate or cut across existing SOCA procedures. We are certainly reassuring the industry of that and we are working with SOCA to ensure that it remains the case. Banks are already obliged to screen transactions for money laundering and financial sanctions imposed by the UN, the EU or the UK. The same systems and staff can be used to implement a direction to limit or cease business, minimising additional costs to any future organisations. We will, as I said, work closely with the industry on detailed issues of implementation, which is only right and proper.

6.15 pm

I welcome the support of the hon. Member for Ashford and that of the hon. Member for Eastleigh, even though it is perhaps grudging in the latter's case. This legislation is important and I accept that the procedure has not been ideal, but we will continue to work with the industry on any decisions or directions to be taken in the future.

Chris Huhne: I detect that the Minister is about to wind up, but he did not reply to my specific point. I asked him whether, given the rushed nature of the legislation, he would undertake to produce a report on its operation after a year and to place it in the Library.

Ian Pearson: There are provisions in the amendments for an annual report in any event. The hon. Gentleman also asked about a sunset clause, but it is not possible or appropriate at this stage to introduce such a clause. We have clearly said, as I emphasised in my introductory remarks, that directions will last for a year. They can be revoked within a year, if appropriate, but they will then lapse. In that sense, they will be sunsetted after a year and renewed only if deemed appropriate.

I have tried to assure hon. Members that, where there are concerns about implementation, we are continuing to work with the industry. I have tried to explain that, as far as possible, we will use the existing standard procedures with which the industry is familiar. With those final comments, I hope that the House will accept the amendments.

Lords amendment No. 82 agreed to [Special Entry].

Mr. Coaker: I believe, Mr. Deputy Speaker, that we have agreement to move these amendments formally as the government agree with all—

Mr. Deputy Speaker: Order.

Lords amendment Nos. 113 and 127 agreed to [Special Entry].

Clause 1

POWER TO REMOVE DOCUMENTS FOR EXAMINATION

Lords amendment: No. 1.

Mr. Coaker: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 25 to 33, 35, 36, 108 to 112, 114, 116, 128, 129 and 131.

Mr. Coaker: I apologise for my earlier rush to the Dispatch Box, Mr. Deputy Speaker. I believe that we have agreement to moving this group of amendments en bloc, as the Government agree with all of them.

Mr. Deputy Speaker: Order. At this stage, the Minister can move his agreement only with Lords amendment No. 1. We then deal with the others formally in sequence, but I am afraid that we cannot cover them all straight away. They have to be dealt with in their proper order.

Lords amendment agreed to.

Lords amendments Nos. 4 to 14 agreed to.

Clause 34

POST-CHARGE QUESTIONING: ENGLAND AND WALES

Lords amendment: No. 16.

Damian Green: I beg to move amendment (a) to the Lords amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss amendment (b) to the Lords amendment, Lords amendment No. 17 and Government amendments (a) and (b) thereto, Lords amendments Nos. 18 and 19, Lords amendment No. 20 and amendments (a) and (b) thereto, and Lords amendments Nos. 21 to 24.

Damian Green: The amendment deals with post-charge questioning, which has been one of the themes of many arguments advanced by Conservative Members about how terrorist outrages can be fought effectively. We have suggested—indeed, this constituted a significant part of the debate on whether people should be detained for 28 or 42 days—that other methods are available that could prove more effective, including post-charge questioning. The Government now agree that post-charge questioning should be authorised, and we are delighted that they listened to our arguments. They also agree with us that the questioning should be supervised by a Crown court judge, which we also welcome.

Our problem lies in the fact that the concession is limited in an important respect. Under the Lords amendment, a Crown court judge will not be able to impose conditions relating to the matters in respect of which the questioning is authorised. We think that that is a significant gap in the armoury. As I have said, we have argued for a long time that post-charge questioning would be useful, but we also believe that the process must have integrity, and must be accepted unquestioningly as fair by all who may find themselves being investigated. Obviously, that applies particularly to people who are entirely innocent.

We have all observed from the various actions of the police in recent years that mistakes are sometimes made, and the wrong people are sometimes identified. If it is felt that the system behind those mistakes is unfair, that may, at the margin, aid terrorists by providing them with a more sympathetic audience. We are determined to ensure that that does not happen, and we believe that judges who have authorised post-charge questioning need to be able to exercise proper judicial supervision. We fail to see how that they can do that if they have no authority in relation to the scope of the questioning.

Lady Butler-Sloss, a distinguished judge, said in another place that

> "where the police wish to continue to question after arrest and charge"

they will go to the judge and the judge will say "Yes." Under the Lords amendment, she said, the police

> "are perfectly free to go back to ask any question they choose on any matter about which the judge"

will not have been consulted. That, she said,

> "drives a horse and cart through the whole idea of having protection for a defendant in a post-questioning period."—[*Official Report, House of Lords*, 4 November 2008; Vol. 705, c. 175.]

I agree with that.

The amendment tabled in another place was a cross-Bench amendment. I think that it would be extremely useful if the Government accepted our amendment now, because they will know how close the vote was there. I cannot accept an argument that they may advance, namely that the world would be a safer place if this protection were taken away. Clearly any judges involved would be alive to the sort of questions that the police might ask, and I suspect that they would be sympathetic to any legitimate requests from the police.

This is a small but significant amendment. If we are to adopt post-charge questioning it must be seen as an acceptable form of law enforcement and police investigation, and I appeal to the Minister to accept our proposal.

Chris Huhne: I shall be brief, as we are pleased that progress has been made on this matter, and that the Government accept the case for post-charge questioning. Like the hon. Gentleman, we want this to be accepted as a part of English law that people can feel is making a genuine contribution and has the necessary checks and balances. That is why we would like this Cross-Bench amendment from the Lords to be incorporated into the Bill; it will allow the judge to identify the scope, and it will provide certain essential safeguards that will build this more fundamentally into English law in the long run. We will support the amendment, and I hope that, in light of what he has heard, the Minister will be able to do so as well.

Mr. Coaker: First, let me thank the hon. Members for Ashford (Damian Green) and for Eastleigh (Chris Huhne) for their appreciation of the changes we have made and the amendments we have accepted, and I would like to go through the group as a whole. I should inform the House that we agree with the Lords in respect of amendments Nos. 16 to 24, but we disagree with the amendments offered in lieu. I am sorry to disappoint the hon. Gentlemen on that, but I will explain our reasons.

Amendments Nos. 16 to 20 remove the ability of a police superintendent to authorise post-charge questioning about the offence charged. Rather than authorisation by the police, all questioning will need to be authorised by a Crown court judge in England and Wales, a sheriff in Scotland and a district judge in Northern Ireland.

The amendments limit the period for which post-charge questioning can be allowed to a maximum of 48 hours before further authorisation must be sought. This 48-hour period would run continuously from the commencement of questioning and would include time for meal breaks, sleep, and consultation with legal advisers. Questioning would be authorised only if the judge deemed that it would not interfere unduly with the preparation of the defendant's defence to the charge or any other criminal charge that he may be facing; in effect, this would prevent questioning close to, or during, a defendant's trial.

The amendments allow the judge to authorise questioning for an offence not specified in terrorism legislation if it appears that the offence the person has been charged with has a connection to terrorism. For example, a judge could authorise post-charge questioning for the offence of murder if it appeared that it was connected to terrorism. The amendments also allow the judge authorising questioning to impose such conditions on the questioning—the location or length of the questioning, for example—as he or she deems necessary in the interests of justice. They do not, however, specify that the judge could determine the scope of questioning, unlike the Opposition's amendments.

We had considered including in the Bill a provision that allowed the judge to impose conditions on the matters in respect of which questioning was authorised. However, we received representations and, following further consultation with the Crown Prosecution Service, the police and the Crown Office and Procurator Fiscal Service in Scotland, we do not believe that it would be appropriate to specify that a judge could determine the scope of police questions. We believe that to do so would, in effect, lead to the judge drawing up acceptable questions that could be put to the suspect from which the police would not be able to deviate. This has obvious practical problems. For example, what happens if the suspect mentions an alibi during questioning on which the police do not have authorisation to question? Do we really want the police to have to stop the interview and apply for further authorisation from a judge simply to ask further questions about that alibi?

We must remember that the judge may exclude any evidence unfairly obtained by means of making a ruling under section 78 of the Police and Criminal Evidence Act 1984. In addition, there are safeguards that apply to the suspect during questioning; for example, they have the right to legal representation.

The roles of the police and the judiciary are clear and well understood in our criminal law. Allowing interference in the scope of an investigation by limiting the questions that can be asked would be a blurring and complication of those well defined roles.

6.30 pm

Amendment Nos. 22 to 24 remove the order-making power that allowed the Secretary of State to disapply the compulsory requirement for all post-charge questioning to be video recorded with sound. Under these provisions, all post-charge questioning will be video recorded with sound in all parts of the UK. With those brief remarks, I ask the House not to accept amendment (a).

Damian Green: I rise briefly to say that the Minister set up an Aunt Sally in his opposition to the amendment. I was not convinced by the idea that questioning would be materially disadvantaged if the judge had to define

"the matters in respect of which the questioning is authorised",

which is the wording of amendment (b). I therefore commend amendment (a) to the House.

Question put, That the amendment be made:—

The House divided: Ayes 208, Noes 284.

Division No. 332] **[6.31 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Corbyn, Jeremy
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Donaldson, rh Mr. Jeffrey M.
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Alan
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Richard Benyon and
Mr. Crispin Blunt

NOES

Ainger, Nick
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta

Blears, rh Hazel
Blizzard, Mr. Bob
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and
Ian Lucas

Question accordingly disagreed to.

Lords amendment No. 16 agreed to.

Lords amendments Nos. 17 to 33 agreed to.

Clause 51

SCHEME OF THIS PART

Lords amendment: No. 34.

Mr. Coaker: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss Lords amendments Nos. 37 to 81 and 117 to 126.

Mr. Coaker: The group covers amendments to the notification, notification order and foreign travel restriction order provisions. Four substantive issues are addressed in the amendments with a further number of comparatively minor and technical amendments. First, Lords amendment No. 46 has the effect of ensuring— *[Interruption.]*

Madam Deputy Speaker: Order. Will Members who are not staying for the debate please refrain from private conversation or leave the Chamber quickly and quietly?

Mr. Coaker: Lords amendment No. 46 has the effect of ensuring that the notification requirements will not apply to anyone under the age of 16 on the date that they are dealt with for a terrorism or terrorism-related offence. Lords amendment No. 71 will mean that notification requirements apply only for a period of up to 10 years when someone is aged 16 or 17 on the date of their conviction for a relevant offence, regardless of the length of the sentence imposed—provided of course that the sentence is for 12 months or more.

Lords amendment No. 71 also changes the notification period for persons aged 18 or over on the date of conviction. Those sentenced to 10 years or more or to an indeterminate sentence for a relevant offence will have to notify for 30 years under the proposed amendment rather than for the indefinite notification period. Adults sentenced to between five and 10 years will be required to notify for 15 years, once again instead of the indefinite notification period. The period for persons sentenced to between 12 months and five years or given a hospital order will remain as 10 years.

I know that the rest of the amendments have cross-party support and we agree with them.

Damian Green: I rise to say simply that I started this afternoon's proceedings by saying that the Bill had returned from the Lords in a significantly better shape than that in which it had left this House. This group of amendments is another example of that, and we are especially pleased by the change in the notification requirements for young people under 16. We think that that is a significant improvement, for which we should be grateful to the other place.

In the other place, Lord West said that he was very "hurt" that the change had been described as a "cave-in", so I shall merely congratulate Ministers on their appropriate flexibility in agreeing to the Bill being changed in this way.

Chris Huhne: I should like to add on behalf of the Liberal Democrats that we are very pleased that the Government have made these concessions, especially as we had been very keen on the need to disapply notification requirements for those under 16. We wanted to make the periods involved less draconian and to ensure that there was protection against notification requirements where there was a flagrant denial of a person's rights, so I am very pleased that we can support the Government in these amendments.

Lords amendment agreed to.

Lords amendments Nos. 35 to 81 agreed to.

Before Clause 69

Lords amendment: No. 83.

The Economic Secretary to the Treasury (Ian Pearson): I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this, it will be convenient to discuss Lords amendments Nos. 84 to 102, and 130.

Ian Pearson: The amendments to part 5 fall into two categories. One creates a clear, statutory basis for challenging decisions under the UN terrorism orders and the other decisions to which the part now applies. The other expands the scope of the part so that it also applies to freezes made under the Anti-Terrorism Crime and Security Act 2001 "freezing orders", and to decisions made under the new provisions inserted by Lords amendment No. 127.

These amendments have the House's broad support, and I hope that hon. Members will accept them.

Damian Green: We on the Opposition Benches also agree with these amendments. I take this opportunity to remind the Minister of what I said a few minutes ago about previous financial changes that have been made. First, consultation is very important, although it clearly did not happen before. Secondly, the fact that these changes must work in practice clearly goes hand in hand with the point about consultation. The last thing that we should be doing when passing legislation that has not had the full degree of scrutiny in both Houses is to find that it does harm as well as some of the good that is intended. I very much hope that the Minister will take that on board as he implements the changes in the months ahead.

Chris Huhne: We on the Liberal Democrat Benches also support these amendments, and I, too, should like to reiterate a point of key importance that I hope the Economic Secretary will take back to the Treasury. It is that there is a very substantial difference between the sort of legislation that the Treasury normally proposes and a Bill such as this. The Treasury is used to bringing forward financial legislation with potentially market-sensitive consequences: it tables it at the last minute, then waits for the screams before amending it in Committee. That style of legislation may be appropriate for a Finance Bill, but it is an enormously different matter when the Government come forward with proposals that involve a criminal offence and locking people up for as long as two years.

These proposals involve many associated changes in legislation, but the Treasury has got them through this Chamber and the Lords on a curtailed timetable similar to that used for financial legislation. If the Treasury is considering introducing this type of legislation again in future, I hope that it will do so in a rather more leisurely, orderly and considered manner than it has with these proposals.

Lords amendment agreed to.

Lords amendments Nos. 84 to 105, 107 to 112 and 114 agreed to.

Lords amendment No. 115 and Government consequential amendment (a) thereto agreed to.

Lords amendments Nos. 116 to 126 and 128 to 132 agreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to their amendments Nos. 2, 3, 106 and 133: Mr. Vernon Coaker, Damian Green, Chris Huhne, Steve McCabe and Phil Wilson; Mr. Vernon Coaker to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Mr. Ian Austin.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

PETITION

Health Services (Cornwall)

6.57 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): I wish to present a petition on behalf of more than 10,000 residents of Cornwall. Living in a rural county they fear that the proposals in the pharmacy White Paper could jeopardise their local GP practices. The petitioners request that the House urges the Secretary of State for Health to take steps to protect the rural dispensing of medicine, particularly in the Duchy of Cornwall.

The petition states:

The Petition of residents of Cornwall, and others,

Declares the Petitioners' concern that the Pharmacy White Paper could result in many rural practices having to stop dispensing medicines to their patients; and further declares that the dispensing of medicines by such practices is often vital to patients who live in more isolated areas.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Health to protect the rural dispensing of medicines.

And the Petitioners remain, etc.

[P000289]

Lymington River

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Frank Roy.]*

6.58 pm

Mr. Desmond Swayne (New Forest, West) (Con): Through you, Madam Deputy Speaker, I thank Mr. Speaker for allowing me this opportunity to bring the question of the Lymington river to the attention of the House almost a year after I first raised it. Complex technical and legal matters are involved, so to dispose of the business in the time available, there will have to be a measure of simplification.

The mouth of the Lymington river is bounded by the Solent marine conservation area, as designated by the habitats directive. The New Forest district council coastal protection team believes that, at the current rate of erosion, the salt marshes that constitute the special conservation area will not survive another generation. In 1991, HR Wallingford was commissioned by the Lymington harbour authority to investigate the erosion consequent on the existing Wightlink ferry service between Lymington and Yarmouth. The company reported the extent of the erosion and predicted that it would continue, as has now transpired. The erosion had been noticed at the time by the then harbour master, and I mention in passing that it strikes me as extraordinary that the regulators were prepared to live with that, rather than take action to deal with it.

Leaving that aside, a new horror has now arisen. Wightlink is to replace the two ferries of the existing service with three, much bigger ones. The new ferries

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Blizzard.]*

Mr. Swayne: The new ferries have almost 76 per cent. more water displacement, and the jet thrusters used to propel them have almost 200 per cent. more horsepower thrust. Those jet thrusters—quite different from the conventional screw propulsion systems—are largely directed at the bed of the river, gouging it up and leaving the spoil to have to be dredged and dumped out by the Needles. In addition, they have 84 per cent. more windage. Windage is a complicated term, but essentially it means that for a significant amount of the time, those thrusters are pointed directly at the banks of the salt marshes, leading to a much faster rate of erosion.

To implement the new ferries, Wightlink believed that shore works would be required so that they could be berthed and loaded. A planning application therefore had to be made, and that application will be determined by New Forest district council and the Marine and Fisheries Agency. Those bodies will be guided in their determination by Natural England, based on whether there will be any adverse impact on the special area of conservation. The Marine and Fisheries Agency decided that an appropriate assessment must take place to establish whether there will be an adverse impact.

Mr. Andrew Turner (Isle of Wight) (Con): Does my hon. Friend not accept that, owing to open port duty regulations, the only reason that would prevent Wightlink from using the new ferries on the Lymington river is

[Mr. Andrew Turner]

that they are unsafe? Despite extensive sea trials and investigations, no evidence has been produced to suggest that they are, or that there are any substantive environmental impacts.

Mr. Swayne: I thank my hon. Friend for that intervention, although I disagree with that analysis. I shall explain why shortly.

I made it clear from the start that, for a number of reasons, I was not satisfied with the appropriate assessment. First, it excludes from the equation important areas of policy that will be affected, not least the leisure yachting industry in Lymington, which has a huge impact on the economy of Lymington, and the implications for traffic through the New Forest national park consequent on the greater capacity of the new ferries. In addition, under the appropriate assessment, there would be no public consultation.

The collection of data for the appropriate assessment is being carried out by the consultants BMT SeaTech, under the supervision of the Lymington harbour commission in its attempt to design the safety parameters in which the ferries can operate. However, hydraulic measurements to establish safety are wholly different from the hydraulic measurements that are needed to establish whether there is an adverse environmental impact. I was never persuaded that the right measurements would be taken, never mind how those measurements would be interpreted.

My third reason for being suspicious of the appropriate assessment arises from the way in which Natural England decided to interpret the regulations. It seems to me that Natural England is measuring "adverse impact" as incremental, additional damage—the extra damage of the new ferries, over and above that caused by the existing ferries. That runs counter to both the spirit and the letter of the regulations. The existing ferry service is accountable to article 2.2 of the habitats directive, which requires maintenance and restoration of a favourable conservation environment. I do not believe that that is happening, although it is supposed to be happening now, while the existing ferry service is in place.

The new ferries constitute a plan or project under regulation 48 of the Conservation (Natural Habitats, &c.) Regulations 1994. As such, they need to be judged in their own terms, and not against the old ferries, which do not constitute part of that plan or project. As far as I am aware, the old ferries have a long life ahead of them—at least another 13 years. For all those reasons, I believe that a full environmental impact assessment is a better way forward than an appropriate assessment. In that, I am supported by New Forest district council, the elected local authority.

I thank the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Ogmore (Huw Irranca-Davies) for at least keeping the door open to the possibility of an environmental impact assessment. In his written answer to me of 13 October, he said that

> "a number of related environmental issues need to be considered, potentially with an environmental impact assessment."—[*Official Report*, 13 October 2008; Vol. 480, c. 938W.]

The Minister has left the door ajar; I want him to open it and go through it, because the situation has changed dramatically. On Monday, the Lymington harbour commissioners were informed by Wightlink that it no longer requires the shore works to which the appropriate assessment was attached. Furthermore, it has judged that the ferries are safe to operate, notwithstanding the fact that Lymington harbour commissioners are still conducting the sea trials. Wightlink has therefore unilaterally declared that it will implement the new service in December, without asking permission from anyone.

Mr. Turner: That is what my hon. Friend does not seem to understand; Wightlink is entitled to do so. It is entitled to use the river whenever it wishes.

Mr. Swayne: I understand that; I just happen to disagree with it, as will now unfold. Wightlink will pursue the option that I mentioned without seeking permission from anyone. I ask the Minister to perform two actions. First, will he make contact with his ministerial colleagues in the Department for Transport to establish fully the legality of what Wightlink is proposing to do, and what the powers of the Lymington harbour commissioners are? If they do not have the power to overrule Wightlink, there does not seem much point in having harbour commissioners.

To come back to a piece of legislation to which my hon. Friend the Member for Isle of Wight (Mr. Turner) drew my attention, my understanding is that Wightlink believes that its absolute right to use the ports is consequent on the Harbours, Docks and Piers Clauses Act 1847. The Act was put in place to ensure that shipping could continue to trade after the great storms that had washed away so many of our harbours. Ships had moved further up river because of the disappearance of the harbours, and many people were denying the ships access.

I have been briefed on legal advice to the effect that under the existing ferry arrangements, Wightlink is responsible for some 22,500 ferry movements a year, which stands well outside the parameters of the 1847 Act. If Ministers were prepared to take the matter to court, the Act would be overturned in respect of the port of Lymington, as it has been for other ports, under existing case law. That is the first action that I ask the Minister to take.

The second action is on the environmental impact assessment. Now that the appropriate assessment option seems to have disappeared, I should like him to initiate a full environmental impact assessment. Notwithstanding the fact that there are now to be no shore works, I have no doubt that the option of the environmental impact assessment remains with him, because Natural England's advice—based on the legal advice that it was given—was that Wightlink proposes a plan or a project, and the European Commission is clear in its advice about the interpretation of the habitats directive. It says:

> "The term 'project' should be given a broad interpretation to include both the construction works and other interventions in the natural environment",

of which this is most definitely one.

I am not anti-ferry, and I want there to be a thriving ferry service between the ports of Lymington and Yarmouth, because it is vital to my constituents and to those of my hon. Friend. But a lot of fear has been floating about, and people have been saying that Wightlink has made it known that it does not intend to renew the safety licences of the existing ferries after next spring—in other words, Wightlink has said, "There won't be a ferry service unless you accept these new ferries." It has now gone further, effectively saying, "It doesn't matter what you do; we're going to implement the new ferries."

The Lymington to Yarmouth route is a profitable monopoly. Wightlink has invested a significant sum in the project, and I just do not believe that there is any prospect of Wightlink walking away from it. I therefore believe that we should call its bluff. Wightlink is owned by Macquarie, which has form. It has gained the most aggressive reputation for the way in which—how can I put it charitably, Madam Deputy Speaker?—it pursues the interests of its shareholders with a singular vigour, and it is time for Ministers to call Macquarie to order.

I believe that, had there been a marine Bill, we would never have been in this position, and I hope that there will be a marine Bill in the Queen's Speech, because it will certainly have my support. We do not have a marine Bill, and we will not get one in time for Lymington, but I believe that, under existing regulations, Ministers have the power to act, and I am here tonight to ask them to do so.

7.12 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I congratulate the hon. Member for New Forest, West (Mr. Swayne) both on the passionate and extensive way in which he has set out the case on behalf of his constituents, and on the way in which, since I have been a Minister, he has been persistent, consistent and diligent on behalf of his constituents on a wide range of related issues. As he said, he is not necessarily anti-ferry, but he wants a proportionate way forward, and to deal with very significant issues regarding the potential environmental impact.

The debate is very timely because of the issues that the hon. Gentleman has raised, and because of developments that I shall come on to. By the end of my contribution, I hope to have dealt with all his points and given clear and categorical assurances about what we consider to be the way forward to reach the right outcome not only on the environmental issues, which are close to the hon. Gentleman's heart, to those who have worked locally with him, and to my heart, because it is a very beautiful and precious part of the world, but on the economic and social interests that are linked to the ferry.

It may be helpful if, in part of my contribution, I set out how we have got to where we are and how we can take the matter forward. I shall also deal with some of the hon. Gentleman's comments on how the issue has developed in literally the past 24 hours. That will also give me the opportunity to talk not only about the area but about the Government's commitment to protecting our biodiversity—our variety of species and habitats. That is very close to the Government's heart as well as to his.

The hon. Gentleman mentioned that the salt marshes and mudflats at the Lymington estuary are internationally designated as part of the Solent and Southampton Water special protection area for birds. They constitute a Ramsar site, and are part of the Solent maritime special area of conservation; they are also part of the national sites of special scientific interest series.

The harbour itself is part of a complex of sheltered, semi-natural estuaries in the Solent, supporting a diverse coastal ecology. The key features of international interest are extensive salt marshes, supporting plants such as sea lavender, sea blite and sea purslane. In addition, the extensive mudflats and sandflats support marine invertebrates that provide food for thousands of water fowl, which arrive each autumn to feed on the rich food supply of the sheltered inlets marking the Solent estuaries.

However, although, like the hon. Gentleman, we recognise the significance of the nature conservation interest, we, like him, are also aware of the socio-economic importance of Lymington harbour. We are therefore keen for there to be a balanced and sustainable solution to any problems facing the port. The harbour needs a solution that takes into account nature conservation, landscape, and archaeological and environmental issues, while securing the future of the recreational and commercial activities that sustain the local economy and enrich the lives of communities and visitors. We are keen to support such a solution.

On the habitats directive and requirements under regulations, I should say that development applications likely to affect European protected sites need to be assessed under the habitat regulations; there is a legal procedure associated with applications that may have a significant effect on a protected site. The procedure requires an "appropriate assessment" to be carried out by the consenting body or competent authority. In relation to the conservation objectives, that includes a detailed study of impacts, mitigation measures and an assessment of alternative solutions. When the assessment process suggests that there are no alternative solutions, but there may be adverse effects on the protected site, the development can go ahead only if it is judged that there are "imperative reasons of overriding public interest", or IROPI, and if the member state—in this case, the UK—takes all compensatory measures necessary. That is some of the background.

The hon. Gentleman mentioned Wightlink. The development proposal affecting Lymington harbour is the subject of an application by Wightlink Ferries. It wants to operate larger ferries from Lymington harbour to Yarmouth, on the Isle of Wight. The enabling shoreside works require consent, and through the consent procedure the need for an appropriate assessment under the habitat regulations has been triggered. The hon. Gentleman has been aware of and involved in that issue. The appropriate assessment will include the effects of changing from the existing ferries to the new W-class vessels.

As the hon. Gentleman will understand, it would be inappropriate at this stage for me to comment in detail on the assessment or speculate on its likely outcome. Only after it has been completed will we have a complete picture of the likely effect on the protected sites of operating the larger ferries.

Mr. Swayne *rose*—

Huw Irranca-Davies: The hon. Gentleman may not want to intervene, as I will come in a moment to how the issue has developed.

I turn now to the science and the appropriate assessment. The competent authority has been in close contact with Natural England over the scientific work needed properly to assess the impact of the new ferries; as Minister, I have been keeping an eye on that issue. The competent authority has consulted Natural England on the different impact of the larger ferries. Without going into the

[Huw Irranca-Davies]

details, I should say that the scientific work includes an initial assessment of whether the existing ferries appear to be having any detrimental effects, in order to assist in predicting whether the new ferry will cause additional such effects.

The assessment includes consideration of mapping evidence to assess changes to the navigational channel, consideration of sediment movement and a review of other natural and anthropogenic influences on the navigation channel. The work will also consider propulsion and ship-wash modelling and other effects likely to result from the increased size of the new ferries.

Mr. Swayne: I do not complain that the Minister is dwelling on the appropriate assessment, as I did so myself. However, is he confident that the appropriate assessment will be completed? It is tied to the application for the shore works. Wightlink is now saying, "We don't need the shore works and we're going to start next month without them."

Huw Irranca-Davies: The hon. Gentleman makes a valuable intervention. When I deal with the immediate issue before us, I will refer to the need to ensure that the timeliness of any decisions works for the balance of the environment and the economic considerations.

In terms of the assessment, the requirements of the habitat regulations will ensure that the adverse effects will be identified and mitigating measures explored. The current position is that the new ferries are undergoing sea trials under the management of the Lymington harbour commissioners. This work is primarily aimed at determining safe navigation and speeds, but valuable environmental information will also be gathered. It is hoped that the appropriate assessment will be concluded before Christmas. I am not in a position to give any guarantee on that, but I am watching the situation very closely. It is important to ensure that the assessment is sufficiently rigorous.

I am sure that the hon. Gentleman would want me to record the valuable input of the Lymington River Association. Although opposed to the introduction of the larger ferries, it has, to be fair, entered into a constructive dialogue with Natural England about the scientific issues. Although it has not been possible to include all the science that it has proposed, Natural England has pursued some of its suggestions and is still considering others. I hope that this valuable dialogue will continue in future, and I know that the hon. Gentleman will encourage that. I understand that he has met officials from the statutory agency, Natural England, to go through the issues relating to the appropriate assessment. I sense from this debate that he may still have some reservations about the scope and timeliness of the scientific work, but I hope that this important dialogue will continue.

Let me turn now to the wider environmental issues to explain some of the background. I will come to the point about timeliness, but it is important to explain why we have got to this position and some of the ways forward. Several regulators have a role to play in a proposal for a new development, including, in this instance, the local authority, the local harbour commissioners and DEFRA's Marine and Fisheries Agency—the MFA. The MFA was asked to license minor improvements to berths in Lymington harbour under the Food and Environment Protection Act 1985. It was not apparent when the original application for the works was submitted to the MFA that it could be part of a wider process facilitating the introduction of these new ferries. That information came to light only through subsequent discussions between regulators, the applicant and stakeholders. Since then, my Department, alongside the MFA, has continued to work with other Government Departments, the Government office for the south-east and regulators in order to address the issues that this complex case presents within the regulatory regime.

I am grateful to the hon. Gentleman and his constituents for raising wider concerns over the possible effects, including possible traffic increases, the effects on local yachtsmen, and the environmental and economic impacts. However, I note that, as with many issues of this type, there are always at least two sides to every story. I understand that many people at the other end of the ferry route, in Yarmouth, feel that these ferries provide a lifeline for them to the mainland. Many of them rely on the service for access to health services, education and employment. We must also consider the important social and tourism aspects and the economic benefits to Lymington. Of course, the new ferries will comply with all modern safety and operational standards, so we need to ensure that our course of action is the right one.

The hon. Gentleman mentioned the marine Bill. I will not go into great detail on that, but I think he is right to mention it, and we will welcome his support when it is introduced. We are looking forward to that. The Bill will bring in a new planning system allowing for the creation of a much more integrated regime for planning in the coastal zone—that is long overdue. It will also provide for the designation and protection of marine conservation zones. Together with European marine sites, MCZs will contribute to the UK's achieving, first among the nations, an ecologically coherent network of marine protected areas. As the hon. Gentleman says, that may not be in time, despite our best wishes, but the marine Bill will have an impact in future.

I come now to the immediate issue before us. The proposal by Wightlink to introduce new ferries in the near future seems, on my first reflections, to be rather premature in the light of the ongoing assessments, and I would suggest that Wightlink might constructively like to reflect carefully before pursuing this course. Although I am not aware of anything unlawful in this proposal, Wightlink is a harbour authority as well as a commercial company, and although I accept that its existing ferries may no longer meet safety standards, and that it is waiting for a decision on its application for consent to the enabling shoreside works, I urge it to give due consideration to its responsibility for the environment.

The regulators need to consider carefully the full implications of any such action. There are general duties under the habitats regulations that require Lymington harbour commissioners to have regard to the requirements under the habitats directive when exercising their functions and the commissioners would need urgently to assess the position. Furthermore, it is of particular concern that the company is contemplating the introduction of new ferries on this route before the appropriate assessment under the habitats regulations has been completed. We are not talking about a big overlap of time in this case. Should the assessment, when completed, show that the operation of the new ferries would have an adverse effect on the integrity of the protected site, and that mitigation measures could not be agreed with Wightlink, the Department for Environment, Food and Rural Affairs and the other regulators would need to consider carefully, and as a matter of urgency, any regulatory powers they have or might need to exercise in order to fulfil the UK's obligations under the habitats directive.

I should point out that my officials have already met the Department for Transport to discuss this case. I will instruct them as a matter of urgency to explore further with that Department and other regulators, including the harbour commissioners, the implications of any such action. I will consider carefully any existing regulatory powers that might need to exercised in order to fulfil the UK's obligations under the habitats directive.

I will not step over the mark tonight and outline the exact course of action that I am likely to pursue, and I stress the balance between the social and economic needs of the ferry service and its responsibility, as a harbour commissioner, to the environment. After reading the transcript of this debate—the strong and powerful contribution of the hon. Member for New Forest, West, the intervention by the hon. Member for Isle of Wight (Mr. Turner) and my comments—I hope that Wightlink will take its responsibilities seriously, consider the issue in the round and recognise that an appropriate assessment is under way, through which we are rapidly gathering the science to make an appropriate decision. I hope that, on that basis, we can find a way forward and that Wightlink hesitates before acting prematurely and rapidly introducing the larger ferries. I hope it recognises that, although it is a commercial operator, it has wider responsibilities.

I believe that there is a way forward. The debate has shown the complexity of regulation in the marine environment. I feel strongly that—curiously—the marine Bill is uniquely fitted in Europe to introduce a coherent and integrated regime, which has the buy-in from stakeholders at the earliest opportunity, and can consider such an eventuality in future.

In the meantime, there is a regulatory framework, and work is under way, in which the hon. Gentleman has not only been involved but pushed along diligently. That is the way we need to proceed. That would be my message to the constituents with whom the hon. Member for New Forest, West has worked, to those who rely in his constituency and that of the hon. Member for Isle of Wight on the important economic link that the ferry constitutes, and to the operator, who has an understandable desire to improve the service. I also ask them to take their responsibilities seriously and work with the agencies and regulators who are currently involved with making the appropriate assessment. We can then determine the further action that might need to be taken.

I thank the hon. Member for New Forest, West for raising the matter in a timely fashion and for the way in which he did so. I urge him to continue his close involvement with the issue and to keep communicating with the Department directly. I hope he is reassured that I, as a Minister, the Department and my officials are fully engaged in the matter and are keeping a close eye on progress. We want to work with Wightlink and agencies in the area to ensure the right outcome, which balances priorities, in a beautiful, diverse and environmentally important area of the coast.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Seven o'clock.

House of Commons

Thursday 20 November 2008

The House met at half-past Ten o'clock

PRAYERS

[Mr. Speaker *in the Chair*]

PRIVATE BUSINESS

London Local Authorities (Shopping Bags Bill) (*By Order*)

Leeds City Council Bill (*By Order*)

Nottingham City Council Bill (*By Order*)

Reading Council Bill (*By Order*)

Orders for Second Reading read.

To be read a Second time on Wednesday 26 November.

Oral Answers to Questions

INNOVATION, UNIVERSITIES AND SKILLS

The Secretary of State was asked—

Further Education

1. **Ben Chapman** (Wirral, South) (Lab): What assessment he has made of the contribution of further education colleges to the communities in which they are based; and if he will make a statement. [237514]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): Colleges play a vital role in the life of their communities, and that has been made possible by record levels of Government investment since 1997, when there was no capital budget and many FE buildings were unsuitable for modern learning. In the past 10 years, we have invested £2.4 billion and will invest a further £2.3 billion in the years to 2011. Funding for FE overall has increased by 53 per cent. in real terms between 1997 and 2008.

Ben Chapman: In publicly commenting on the petition that I presented to the House about the closure of the Carlett Park campus in my constituency, the principal questioned whether the signatories were studying or intending to study at that FE college. Will my right hon. Friend remind the principal that colleges are about communities as well as education on-site, and that he needs to look again at the hole in the community that the closure would cause? Will he ask him again to revisit the policy of locating the college on two sites in the north of the peninsula rather than the south, which is currently without facilities and beleaguered?

Mr. Denham: I acknowledge the consistency with which my hon. Friend has pursued his constituents' interests. He has raised this matter through petition and in an Adjournment debate, but I must tell him that Ministers are reluctant to involve ourselves in the quite detailed planning matters of individual colleges. I think that this is an issue about which he needs to maintain his campaigning and work at local level with the college and its corporation, although he is of course always welcome to discuss it further with me and other Ministers.

Miss Julie Kirkbride (Bromsgrove) (Con): I very much agree with the Secretary of State about the incredible contribution that FE colleges make to our various communities. However, what encouragement does his Department give to FE colleges to offer training packages to businesses that are directly in accordance with their needs and which sometimes might be outside regular office hours, as opposed to the traditional one-size-fits-all packages?

Mr. Denham: I am very grateful to the hon. Lady for raising this matter. In the past couple of weeks we have announced an extension of Train to Gain, with £350 million being allocated to Train to Gain for small and medium-sized enterprises. In the new package, the rules requiring that the qualifications that people get must be both full and their first will be relaxed, so SMEs will be able to get the bite-sized chunks of training that are proven to increase productivity. This is an important matter, as the Conservative party is proposing to take £1 billion out of Train to Gain, which then would not be able to offer that very important service to SMEs.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Local colleges play a fundamental part in providing the skills base, but does my right hon. Friend agree that they will also help us to find the teams to compete in WorldSkills 2011? Will he emphasise the importance of colleges, and send a letter to every college saying that now is the time that every region must begin to train their skills teams right across the piece if we are to come in the top three at WorldSkills 2011?

Mr. Denham: My hon. Friend is right to raise this issue, and we are giving colleges every encouragement in that respect. The evidence that I have is that skills competitions are being promoted in places where they have not been promoted in recent years. I was at Leeds college of building just last week, and staff there were talking about their plans to enter students into regional and national skills competitions. Their aspiration was that some of their excellent young trainees might get into the WorldSkills team for 2011. As Ministers, we will certainly continue to push the importance of the competition as a showcase for the very best that our young people can produce.

Sir Nicholas Winterton (Macclesfield) (Con): Macclesfield possesses one of the first learning zones to be established in this country, and Macclesfield college is a major and important part of that. Its principal, Wendy Wright, and its corporation are doing a wonderful job, but will the Secretary of State confirm yet again that vocational education is essential to the success of this country and that it might help us to get out of the recession that we are currently experiencing? Will he therefore encourage increased co-operation and contact between colleges and business in their local communities?

Mr. Denham: I am happy to support the message that the hon. Gentleman gives. I hope that he will use his influence on his party's Front Benchers, who regularly criticise us for having shifted resources to vocational qualifications and away from shorter courses, which are much less likely to produce the learning that employers want. I hope that he can influence his party's Front Benchers, who are wrong on that issue.

Ms Dari Taylor (Stockton, South) (Lab): Does my right hon. Friend accept that some further education principals and staff have expressed concern that the expertise that they have developed over time may be lost now that they are to be part of the administration of the local education authorities? I ask the Secretary of State to state clearly, from the Dispatch Box, that we expect a partnership of equals to be developed. The expertise of principals and staff should lead all policy on further education.

Mr. Denham: I make two points. First, on adult skills, the transition from the Learning and Skills Council to the skills funding agency will result in greater freedom and responsibility for the professional leadership of colleges in the delivery of adult skills. On the 16-to-19 group, colleges are not coming under the administration of local authorities, but they are expected, and will be encouraged, to work strategically with schools and other providers to make sure that 14 to 19-year-olds get a proper range of choices in qualifications through the education system. That is particularly important as we move towards the raising of the participation age. We also want to tackle that group of young people who currently come through education without getting qualifications that enable them to succeed in work.

Stephen Williams (Bristol, West) (LD): Last Saturday, I went to the annual higher education awards ceremony at Bristol cathedral for students who have obtained foundation degrees or completed other degree programmes at the City of Bristol FE college. A great cross-section of the entire Greater Bristol community was present; all social groups and ethnicities were represented. However, unlike those students' counterparts just 500 m up the hill who study full-time at Bristol university, the students who attended will not have had access to maintenance or fee loans, and would have had a paltry student grant. When will the Government finally act to remove all those absurd anomalies, so that we can make sure that we widen participation in higher education and get more people trained in a fast-changing economy?

Mr. Denham: The ability of young people, particularly those who have gained vocational qualifications, to continue to a higher level with foundation degrees is an important part of our education system, and one that I would like to see expanded in future, because it is a route to higher-level skills that we need to develop. As I have previously acknowledged at this Dispatch Box, there are issues to do with the funding of part-time and full-time students in higher education, and we have said that we will look into them when we consider the financing of higher education next year.

Higher Education

2. **Mr. David Jones** (Clwyd, West) (Con): When he proposes to publish his White Paper on higher education. [237515]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): We have a world-class higher education system in this country, with rising student numbers and an increasing world share of citations and high-impact research papers. Government investment in higher education is 23 per cent. higher than in 1997. That is in sharp contrast to the 36 per cent. fall in funding per student in the previous 10 years. We have also doubled investment in research. I want to ensure that our university system will be world-class in the future. That is why we are currently consulting on the framework for the expansion and development of higher education for the next 10 to 15 years. I anticipate that we will put forward our conclusions by the summer of 2009.

Mr. Jones: The Secretary of State will be aware that Welsh vice-chancellors have expressed concern that any proposals in the White Paper for the expansion of the English higher education sector will have the potential to impact, perhaps adversely, on Welsh universities. To what extent is he liaising with the Welsh Assembly Government, preparatory to the publication of the White Paper?

Mr. Denham: Higher education policy in Wales is the responsibility of the Assembly, but in the past couple of weeks I spoke to Jane Hutt, the Minister with responsibility for these issues in Wales. We discussed issues of common interest. Clearly, I have UK-wide responsibilities for the research councils, and therefore for the investment of research funds in Welsh universities. Although devolution may provide divergence on some areas of policy, we work together to make sure that we can create coherence where that is achievable.

Mr. David Chaytor (Bury, North) (Lab): Does the Secretary of State think that it is remotely conceivable that our leading research-intensive universities can remain internationally competitive without a lifting of the current cap on fees? Does he agree that the real issue is not the raising of the cap, but the provision of the right mix of grants and scholarships to ensure that the brightest young people, whatever their family background, can always secure a place in our leading research-intensive universities?

Mr. Denham: The Government will consider the issue of fees through the review that will start next year. That is in line with the commitment, made by my right hon. Friend the then Secretary of State when fees were last discussed, that it should be looked at after three years' experience of how the system operates. I share my hon. Friend's concern that able students from all backgrounds should be able to enter our most selective universities, which is why I am working with a group of 11 universities, including some of the most selective in the country, to look at how they can take further steps to widen admissions to able young people from a wider range of backgrounds.

Mr. David Evennett (Bexleyheath and Crayford) (Con): What steps has the Secretary of State taken to broaden access to university for part-time and mature students—an area in which we need to advance access?

Mr. Denham: The number of part-time students has increased significantly under this Government. Some 300,000 more students are in higher education now than 10 years ago, and that trend will continue. I recently published a review of part-time education, which I invited Professor Christine King, vice-chancellor of Staffordshire university, to produce. I commend that document to the hon. Gentleman as a provocative and interesting review of the issues involved in further expanding part-time education, including for mature students.

Ann Coffey (Stockport) (Lab): Many young people in my constituency do not expect or aspire to go to university, but we have an excellent college of further education. What more can my right hon. Friend do to encourage links between the college and neighbouring universities in Manchester, so that young people in my constituency can apply for degree-level university courses?

Mr. Denham: As I have previously discussed with my hon. Friend, under our new university challenge proposals, we have asked the Higher Education Funding Council to look at how we can extend the opportunity to provide new university centres, which are often based on FE colleges, to 20 more locations over the next six years. My hon. Friend knows that Stockport is one of the areas that has expressed an interest at this early stage in taking part in that process, and I wish Stockport and all the other applicants well.

Mr. Rob Wilson (Reading, East) (Con): Will the Secretary of State assure the House that the forthcoming White Paper will address reskilling? Last week, the CBI said that unemployment will reach 3 million in 2009. This week, thousands of job losses were announced by businesses across the UK economy from the financial giant Citygate to the trade firm Wolseley and the car rental company Avis. Given the need for millions of Britons to reskill before re-entering the work force, on reflection does the Secretary of State think that cutting funding for equivalent or lower qualifications was, in the circumstances that we now face, the right thing to do?

Mr. Denham: The hon. Gentleman still does not understand the issue. The ELQ policy change, which affects part but not all of the funding for second degrees, creates new opportunities for adults and part-time students who need to raise their skills. The Government set out to direct resources to those who did not have the chance to obtain the higher education skills that they need in the current labour market. He needs to pay more attention to what the Government are trying to do.

Construction Industry

3. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of the construction industry to discuss the industry's skills base. [237516]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): On 11 November, I visited the construction site for Laing O'Rourke's new concrete factory in Steetley, in the constituency of my hon. Friend the Member for Bassetlaw (John Mann), where I had interesting discussions about skills. We are working closely with that company and the industry on supporting apprenticeships and on the longer-term skills challenges that the industry faces, which include the need to meet our ambitious house building targets.

Mr. Bellingham: I welcome the Minister to his post. Given that construction faces a major downturn, does he agree that this could be an opportunity for extra training and that it is important that firms keep apprentices on their books? What is happening to his apprentice task force? As Her Majesty's Government are a best practice client and have a huge role in procurement, what will he do to ensure that their tender documents stimulate training opportunities? Finally, will he visit the world-class National Construction college at Bircham in west Norfolk?

Mr. Simon: I am very grateful to the hon. Gentleman for his gracious welcome. He asked a lot of questions, and I think that the answer to almost all of them is yes. He will forgive me if I do not necessarily remember them all, but, yes, I should love to visit the construction industry training body's national construction centre in his constituency; and, yes, on the ability of Governments to be counter-cyclical in a recession, he is absolutely right that we, as a Government, need to use our purchasing power, particularly in the downturn. That is exactly what we are doing in the Building Colleges for the Future programme, and in the Building Schools for the Future programme. Through their commissioning documents, apprenticeships and training places have been built in as an absolutely central part of both programmes.

More generally, on the question of construction in the downturn, we should remember that, although there is a lot of pressure on the house building sector, many parts of the commercial construction sector have resisted recession quite well so far, so we must be careful, as not all Opposition Members are at all times, not to talk down the sector and the economy.

David Taylor (North-West Leicestershire) (Lab/Co-op): The construction industry certainly has enjoyed a long boom period, but it is coming to an end. During that period, any skills shortages were often taken up and absorbed by workers from European Union accession countries. However, one chronic area of shortage, which was never bridged and will remain an area of shortage that my hon. Friend the Minister ought to discuss when he reviews the skills base, is project management, because our ability to deliver major projects to specification, on time and on budget has not been the most sparkling of our successes in this area.

Mr. Simon: Although I take my hon. Friend's point, I counsel him, too, to be careful not to talk the sector down at a time when we should talk it up. From his considerable experience and wisdom, he makes a very interesting point, but, on the other hand, when I was in Bassetlaw last week, I encountered and talked about some outstanding pieces of project management. He is right, however, that construction means not only level 2 and level 3 skills, but management skills, level 4 skills and sophisticated skills. We need to be good at them, just as we need to be good at the nuts and bolts skills.

Apprenticeships

4. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What steps he is taking to increase the number of apprenticeships available for young people; and if he will make a statement. [237517]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): We have rescued and expanded apprenticeships. Apprenticeships are now well on the way to taking their rightful place as a mainstream option for young people. On Tuesday, I published our spending plans for 2009-10, and I am pleased to say that total Government investment for apprenticeships will increase to more than £1 billion. We are introducing a new entitlement to an apprenticeship place for all suitably qualified young people who wish to take up an apprenticeship, and we are working with employers to expand the number of places on offer.

Mr. Love: My right hon. Friend is absolutely correct: progress is being made. If we look at the local authority in my constituency, we see that in the past three years there has been a nearly 200 per cent. increase in the number of young people taking up apprenticeships. However, that hides a problem relating to employers' willingness to undertake apprenticeships, particularly among small and medium-sized enterprise... What more can my right hon. Friend do to encourage employers, particularly in that sector, to take up apprenticeships as a way of improving the productivity of their businesses?

Mr. Denham: I should say that we are continuing to increase the number of apprenticeship starts, including starts among smaller employers, so many small employers do find apprenticeships valuable and are willing to support and advocate them. However, we are also keen to see support for group training associations, whereby employers come together to undertake the central administration and development of apprenticeship schemes. It can take some of the responsibility for administration off the individual smaller employer, and we wish to see more of it.

In London, we are also keen to expand public sector apprenticeships, and the taskforce that the Minister of State, Department for Innovation, Universities and Skills, my right hon. Friend the Member for Tottenham (Mr. Lammy), chairs has set a target for London boroughs to more than treble the number of apprentices whom they employ in the coming years.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): The Secretary of State will agree that the target of 400,000 apprenticeships by 2020 is very ambitious. As the hon. Member for Edmonton (Mr. Love) suggested, at present only one in 10 companies has become involved in the apprenticeship scheme—and that was when the country was in a boom. What is the Secretary of State doing specifically to encourage companies, which are going into a recession, to engage with apprenticeships? What will he do if he cannot maintain the offer of two apprenticeship places for every 16 to 18-year-old, which he believes will be possible by 2012 to 2015?

Mr. Denham: First, we are maintaining our investment in the apprenticeship system. That is absolutely essential; it is one of the ways in which we as a Government can show that we are on the side of hard-working families and businesses in these difficult times. The more that we do that, and the more that we take the necessary measures, the more quickly we will come through the current problems.

On the time scales that the hon. Gentleman mentioned, I should say that I am confident that we will have the number of apprenticeships across our economy to meet our targets. We will work with private sector employers, but we must also expand significantly the number of public sector traineeships, and we will do so. At the moment, the public sector employs disproportionately few apprentices, given its size in the economy.

We will work across central Government; I have an apprentice in my own office, and there are others across Whitehall and in local government. We will continue until we expand the number—*[Interruption.]* As somebody once said, this is clearly the time for a novice. The apprentice in my office is already proving himself a great deal better than a novice, and I am not talking about my hon. Friend the Under-Secretary of State for Innovation, Universities and Skills. Public sector apprenticeships will be crucial.

Mr. Andy Reed (Loughborough) (Lab/Co-op): As my right hon. Friend knows, it will be small companies in particular that get us out of this recession. Last week, I was pleased to visit Preci-Spark Ltd, a large engineering company in my constituency which has always invested in apprenticeships. It will continue to do so. Building on what he has said, what can my right hon. Friend do further to encourage the sector to continue to invest? The company realises that it will probably lose its employees to other people, but a philanthropic attitude is involved and it knows that it will also gain from elsewhere.

Will my right hon. Friend go further and ensure that, unlike during the Tory recessions—when I worked in the sector and apprenticeships were the first thing to go—we invest more in apprenticeships at this crucial time? In that way, when we come out of recession, we will have a skilled work force ready to build on the success that will come when the economy grows again.

Mr. Denham: It is essential that we maintain the investment in apprenticeships; indeed, we are increasing it to more than £1 billion. We must also continue to push the message that we have stripped out a great deal of the bureaucracy and other difficulties that have put people off in the past. Another key thing is to make sure that the message gets across clearly to employers in two ways. The first is contrary to what some employers feel: companies that invest in apprentices are more likely to keep their staff, because people repay the investment made in them by a good employer. Secondly, the evidence from the last recession was that companies that invested in training were two and a half times more likely to come through successfully. We are working with major national employers, smaller employers and organisations such as the Federation of Small Businesses to get the message across that this is the time to maintain investment in skills.

Sir Patrick Cormack (South Staffordshire) (Con): I am tempted to say that the Secretary of State's apprentice is scrubbing up very nicely. Does the Secretary of State agree that the word "apprentice" covers a multitude of things? How many of the young people who will receive apprenticeships will have the rigorous training of true craft apprenticeships?

Mr. Denham: At the heart of the apprenticeship model is the fact that a key part of the person's training takes place while they are employed and at work. That is the central, defining aspect of an apprenticeship. We have made it clear that we are taking out of the system anything that does not fit that crucial employment relationship during the apprenticeship.

Apprenticeships are capable of being the best way of learning in a wide variety of situations. For many years, large supermarkets have offered craft apprenticeships in the bakery section, and apprentices learn the full range of skills to level 3 and beyond. However, the apprenticeship model can work just as well for somebody studying to level 2 in retail management. My commitment is to offer support to employers to ensure that they have the right apprenticeships for their company, trade and training needs. That will produce a mixture of those that are at an advanced and a craft level and those that are at a lower level but none the less provide a crucial stepping stone for the young person involved and a valuable skill for the employer.

Intellectual Property

5. **Dr. Ian Gibson** (Norwich, North) (Lab): What assessment he has made of the likely effect on creators of the proposed changes to the UK intellectual property framework. [237518]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): The Government value our creators and the strength of our creative industries. Our work in this area responds to the challenges of the digital age and the needs of creators, rights holders and users of the copyright system. We consider the impact of the proposals on all stakeholders, including creators, as part of the process of evaluation.

Dr. Gibson: I thank the Minister for that answer. I am sure that he agrees that we are blessed by this country's writing community, who produce such creative work and help economically in the creative industries, as he points out. He knows, however, that they face a serious challenge involving the digital environment in which they operate, where they are calling for fair pay for fair use of their work. As he spins things out in terms of people's right to use downloading, new digital forces and so on, will he ensure that the measures that his Department comes up with comply with the European copyright rule, which allows the people who develop and drive the creative industries to get fair compensation for their work?

Mr. Lammy: I thank my hon. Friend for his question and assure him that we are looking at these issues closely. I discussed them for an hour and a half yesterday morning with a group of publishers whom I met for breakfast. They included book publishers and some of our newspaper publishers, who are particularly concerned about their online content. He is right to say that we must value the creator as we balance the interests of consumers in using those rights. In the end, all that writing is the product of hard endeavour and many years of study, and it is a testimony to the quality of our publishing industry and of our books and newspapers.

Tony Baldry (Banbury) (Con): Artists and illustrators are also important in the creative industries. Is there any justification for not fully implementing the artist's resale right by 2010?

Mr. Lammy: The hon. Gentleman will know that we are looking closely at that issue. Artists make representations expressing their desire to ensure that not only themselves but often, after they have died, their families are recognised for the creative endeavour that they have put in. However, there are also important representations from the art market about the effect that any change would have on the British art market, which is among the strongest in the world and has until very recently held up particularly well in the global downturn.

Further Education

6. **Ann Winterton** (Congleton) (Con): What steps he is taking to ensure that further education college courses meet the needs of employers. [237519]

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): Further education colleges play a valuable role in delivering work-based training through the Train to Gain scheme and apprenticeship programmes, responding to the needs of employers to ensure that their employees have the skills to stay competitive. Small businesses will be the focus of £350 million of Government funds recently announced to help them to train their staff in the tougher economic climate. We are working with the Learning and Skills Development Agency to see how it can provide further support. Only last week, the qualifications and credit framework introduced credit-based units of learning in the key skills that employers want.

Ann Winterton: My hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) virtually pinched my question—*[Laughter.]* That is the last time I hold a breakfast meeting with him.

However, I reinforce the valid point that my hon. Friend made: in times of recession, it is even more important that colleges liaise closely with employers, and vice versa, to provide people with the technical skills required for manufacturing industry, which is the sector that will help to lift us out of the present difficulties. May I commend the Macclesfield college, which is attended by many Congleton students, for its close working relationship with the aerospace industry?

Mr. Simon: I am grateful to the hon. Lady. When she commended the Macclesfield college, I thought for a moment that she was going to commend her Macclesfield colleague. I hope that, by the evening, they will be reconciled. We hold the hon. Member for Macclesfield (Sir Nicholas Winterton) in great affection in this House; I hope that she can be lenient with him.

The hon. Lady is absolutely right. As a west midlands MP, I am in no doubt, and never have been, about the centrality of manufacturing to the history, present and future of our economy and this country. She is right, too, that the direction in which we need to take further education, and the way in which we need to develop it, is to make it more responsive to the demands and requirements of employers and business. As her hon. Friend said earlier, that means delivering training and education not just in college or in work time, but in the workplace in the morning, the evening or whenever it fits. We have to deliver it whenever people want it.

Phil Wilson (Sedgefield) (Lab): I know that my hon. Friend shares my concern that apprentices may lose their jobs in the global economic downturn. I warmly welcome the rapid assistance he provided by creating a brokerage service to assist construction apprentices into alternative positions. Will he assure me that he will continue to do all that he can to assist apprentices who might find themselves out of work, to ensure that they can continue their learning at college so that their talents do not go to waste?

Mr. Simon: I am grateful to my hon. Friend, who is absolutely right. He is a great champion of apprenticeships and further education in his constituency, and he is right to say that the Government have introduced measures, such as the construction matching service, which helps to find new places quickly for construction industry apprentices who lose their jobs. When the national apprenticeship service comes in, we will look at developing such services more broadly across the whole economy. However, I counsel him not to despair about the situation too quickly. All the early evidence shows that large numbers of apprenticeships have not gone by the board so far because, as my right hon. Friend the Secretary of State said earlier, high-quality businesses that are running high-quality apprenticeship schemes understand how important they are to their future. They understand that they should not economise on skills and training in a recession. They are not cutting apprenticeships in large numbers, so far—thank goodness.

Mr. John Hayes (South Holland and The Deepings) (Con): In politics, we are always learning, are we not? We are all apprentices. The difference is that I am at level 3, and the hon. Gentleman is at level 2, so here is an easy one.

Colleges must be free to respond to local business demands, but the Government's Foster review criticised the galaxy of 17 bodies that constrains further education. Bizarrely, however, the Government are adding to their number by dividing the Learning and Skills Council into three new quangos—no wonder FE enrolments fell by nearly 20 per cent. last year. On the Minister's predecessor's watch, bureaucracy grew and participation collapsed, so does he expect that on his watch the number of bodies controlling FE will go up or down, and will next month's figures, of which I know he has a prediction, show that FE enrolments have gone up by 5, 10, 15 or 20 per cent., or will they continue to fall?

Mr. Simon: As the hon. Gentleman says, he is far more experienced and sophisticated than me on these things, but let me, in my clumsy, level 2 way, try to answer his question. As Auden said:

"To ask the hard question is simple".

In this case, perhaps, to ask the simple question turned out to be extraordinarily difficult for the hon. Gentleman.

What is the issue? Is it the case, as the hon. Gentleman claimed at the beginning of his long multi-question, that the system is too complicated? Yes, it is. What should we do? We should get a range of business bodies together and ask what they want to do to make the system simpler. When they present a set of proposals, we should implement them straight away. What did we do? We set up the UK Commission for Employment and Skills, which speedily issued a simplification process. It was widely welcomed by business and we implemented it immediately.

Maintenance Grants

7. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What estimate he has made of the number of new students with a reduced entitlement to maintenance grants in 2009-10. [237520]

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): In July 2007, I set out my aim that two thirds of students should get a full or partial grant. I can tell the House today that I expect the revised system to provide full or partial grants to two thirds of students. In July 2007, I also predicted that a third of students would get the maximum grant. I can tell the House today that I expect that commitment to be exceeded: under the new package, 40 per cent. of students will be eligible for a full grant. I have made available an additional £100 million to meet that commitment.

All eligible new students from households with incomes from £18,000 to £50,000 will get more grant than they would have been entitled to in 2007-08, and those from households with incomes of up to £57,000 will get more total support, including subsidised loans.

Mr. Crabb: I am grateful for that reply, but will the Secretary of State confirm that, given that the cohort of 18-year-olds in the population is predicted to rise in the next two years, one of the consequences of his decision to cut student places next year is that the target of a higher education participation rate of 50 per cent. will not be reached and could go backwards?

Mr. Denham: There is no cut in the number of student places next year. Indeed, I have asked the Higher Education Funding Council to distribute an extra 10,000 student numbers compared with this year. The expansion in higher education means that I am now confident that even more students than I predicted in January will be in higher education next year. That is the truth of the Government's commitment to expanding higher education.

Mr. David Willetts (Havant) (Con): The Secretary of State told the Select Committee last month that 40,000 students would lose their full grant as a result of the changes that he announced. How many additional students will lose some grant in 2009 compared with 2008, as a result of his announcement last month? We want to know, as do students and their families, the total number of students who will lose some or all of their grant as a result of his decision.

Mr. Denham: The detail of the new structure will be published when the regulations are laid before the House, and they will be debated in the normal way. The hon. Gentleman has been completely wrong about the matter. In May this year, he attacked our grant proposals because they would give too much money to middle-income families. He said:

> "Ministers have given up on spreading opportunity to those from the poorest backgrounds."

More students will get the maximum grant and we are putting another £100 million into the system to ensure that that happens. The hon. Gentleman needs to admit that he has been completely wrong throughout.

Mr. Willetts: I am trying to ask a simple question of fact, and students who go to university next year and their families are entitled to an answer. How many student will receive less grant or no grant in 2009 compared with 2008 as a result of the Secretary of State's announcement last month? That is the simple question that he has failed to answer in the past month. My calculations suggest that 80,000 families could lose in that way. Will he confirm that the total number of losers is fewer than 80,000? Will he at least give that assurance?

Mr. Denham: No student will lose money. Those who are at university on the current grant system will have their grant honoured. Those who apply for grants next year will have clear details from the Student Loans Company, when the regulations are published, of what they are entitled to. Two thirds of students will get a full or partial grant. More students will get a full grant than I anticipated a year and a half ago. All students from households with incomes from £18,000 to £50,000 will get more money than they would have done in 2007-08.

Educational Aspirations

8. **Kerry McCarthy** (Bristol, East) (Lab): What steps he is taking to raise the aspirations of young people from all backgrounds to go to university. [237521]

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): The Government have a well-founded set of policies to raise the aspirations of young people. I was delighted that my right hon. Friend the Secretary of State recently announced that nine selective universities have committed themselves to giving the best performing pupils from the most challenging backgrounds the opportunity to show what they can achieve.

Kerry McCarthy: I thank the Minister for that response. There are many young people in my constituency who certainly have the talent and the drive to succeed at university, but who still do not think that it is for the likes of them. Does my right hon. Friend appreciate the value of mentoring schemes such as those operated by the Aimhigher scheme? Can he also tell the House what work his Department is doing with the Department for Children, Schools and Families to ensure that those schemes are rolled out in schools, so that people are encouraged to go to university?

Mr. Lammy: I am grateful to my hon. Friend for that question. She is right to say that many young people in Britain still do not imagine themselves worthy of going to university, because they cannot see themselves doing so and have no role models in their communities who have done so before. Indeed, many of us were the first in our families to go to university. I hope that my hon. Friend is pleased that we have extended the Aimhigher programme to include Aimhigher associates, so that we now have 5,500 young people who are already at university going back into schools throughout the country, including her constituency, connecting with 21,000 young people and bringing the experience of what it means to go to university to them for the first time.

Topical Questions

T1. [237539] **Martin Linton** (Battersea) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): In March I asked the Higher Education Funding Council for England to consult on implementing our new university challenge. Today I can announce that at the end of the consultation, 27 initial expressions of interest had been received, which were widely spread across the country. The expressions of interest cover schemes from those that are already advanced and capable of early implementation to initial proposals that are at the early stages of development. We anticipate that further proposals will be received. The Government's ambition is that 20 new university centres will be opened or committed to over a six-year period. All decisions on which schemes will proceed and on their funding will be taken by HEFCE. I am delighted with the early responses, which indicate widespread recognition of the value of university centres to education, economic development, regeneration and the cultural life of rural areas, towns and cities.

Martin Linton: My right hon. Friend will know that South Thames college, which is a top grade provider of ESOL, or English for speakers of other languages, with the highest Train to Gain success rate, is completing a £68 million redevelopment in Wandsworth High street. Will he approve consultation on its merger with Merton college, so that if the proposal is approved, the new merged college can open in the new redevelopment building at the beginning of the next academic year?

Mr. Denham: I commend my hon. Friend on his interest in his local college and further education provision. I know that he is due to meet my hon. Friend the Under-Secretary to discuss the matter, so I will not make any further comment on that proposal now. However, I am glad that he mentioned the £68 million development, because I understand that, at the Association of Colleges conference yesterday, the hon. Member for Havant (Mr. Willetts), who speaks for the Opposition, was unable to promise to maintain our current level of capital spending in further education colleges. That will put at risk many similar schemes up and down the country and mean redundancies in building firms and a lack of opportunities for young people.

T2. [237541] **Mr. Peter Bone** (Wellingborough) (Con): Unfortunately, unemployment in Wellingborough is 15 per cent. higher now than it was in 1997. Can the Secretary of State say what efforts his Department will make to give at least some hope to my constituents that the unemployment levels will return to those of 1997?

Mr. Denham: I will certainly look at the situation that the hon. Gentleman describes in Wellingborough, because it is not in line with what has happened across the country as a whole, where there are 3 million more people in work today than there were 10 years ago. However, the key thing is for the Government to take whatever action is necessary to be on the side of people and employers in this country. That means, in common with the view around the world, that we take both the monetary and the fiscal measures that are necessary to get us through the recession as quickly as possible. I am sorry that the hon. Gentleman's party has set its face against those messages, which frankly means that it is promising much worse times for the people of Wellingborough.

T3. [237542] **Mrs. Claire Curtis-Thomas** (Crosby) (Lab): My right hon. Friend will know that I am very supportive of apprentices, a number of whom are going through colleges at the moment. What we want to ensure is that those apprentices can finish their courses by having work-based experience. Many small companies are going out of business, so will the Minister undertake to ensure that when the Government and his Department in particular place contracts for new build, it will be a condition of those new contracts that we provide apprentices with work-based experience to finish their apprenticeships?

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): My hon. Friend is absolutely right, and, as I said earlier, we are doing exactly that. All new Building Colleges for the Future contracts require a minimum level of apprenticeships and training across the board, as do the new wave of Building Schools for the Future contracts. We are talking to colleagues throughout the Government to ensure that the same happens in every area of Government provisioning. Frankly, I can see no excuse for not doing that.

T4. [237543] **Mr. Greg Hands** (Hammersmith and Fulham) (Con): Further to earlier exchanges about student grants and the numbers affected by changes to those receiving partial grants, the Secretary of State seemed to say that he had no idea what sort of numbers would be affected. Will he confirm that, before he came up with his proposals, he at least asked how many might be affected?

Mr. Denham: As you can imagine, Mr. Speaker, I went through things in great detail. We will publish the detailed regulations for proper consideration by the House in due course. I was keen to ensure a couple of things—that two thirds of students got a full or partial grant, which is what we had set out to achieve; and that extra money was put into the system because more students than we anticipated were entitled to a full grant. I put the money in to do that. I also looked at the system—the 2007-08 system—that I sought to amend and tried to ensure that students from families earning between £18,000 and £50,000 a year will be better off under the new grants system than they were in 2007-08. I believe that that is a significant achievement, particularly given that the level of the maximum grant is a full 20 per cent. higher in real terms than was on offer when the Conservatives were in power and that it is available to a much wider range of students from a much wider range of income households.

T5. [237544] **Kerry McCarthy** (Bristol, East) (Lab): Variable tuition fees have given universities significant additional levels of funding since their introduction. Does my right hon. Friend welcome the admission by former opponents of the scheme that their own policies advanced at the time were unsustainable?

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): I was in the House, as I believe was my hon. Friend, when the Opposition spokesman for the Liberal Democrats explained that he thought that their position on variable fees was "unsustainable"—going on to explain that he could not say what the current policy was. My hon. Friend is right to say that students will never trust the Liberal Democrats again on this issue. We have seen an additional £1.6 billion going to universities on account of variable fees. We were straight with students, and they will respect that. It is very disappointing that we currently have no position from the Liberal Democrats.

Alistair Burt (North-East Bedfordshire) (Con): I listened—both on television and in the Chamber—to the earlier exchanges on admissions to universities and wondered whether the Secretary of State's responses indicated a slight change of tone in that he is no longer declaring war on the universities. Most of us feel that the responsibility for admissions lies with universities, which try extremely hard to bring in youngsters of talent from all backgrounds, and with the schools, where the teachers provide role models for those from poorer backgrounds. Does he agree that there is a shared responsibility and that easing off on blaming universities would be helpful?

Mr. Denham: The hon. Gentleman will struggle to find any statement, article or reply to a question during my time as Secretary of State that justifies his claim that I have had a war on the universities. I have responded robustly to misplaced criticism, including, sadly, from the noble Lord Patten, who implied that we thought that Oxford university should be a social security office. Of course I responded robustly to such criticism, because it was utterly misplaced. I entirely agree with the hon. Gentleman and it is entirely consistent with my view that widening participation and fair access to the most competitive universities is a shared responsibility.

T6. [237547] **Mr. Andy Slaughter** (Ealing, Acton and Shepherd's Bush) (Lab): In the last year of Conservative Government, not one penny was invested in infrastructure in the further education sector. That has now changed, as I know from visits to my local college, Ealing, Hammersmith and West London. However, there is still a need for investment in infrastructure in the sector. What more can my right hon. Friend do?

Mr. Denham: I am determined for us to be able to maintain our commitment to investment in FE colleges, and we have a £2.3 billion three-year capital programme for that purpose.

Earlier this week I visited Walsall, where I met apprentices who were being trained as part of the programme for the rebuilding and reconstruction of Walsall college. I should like to see the same thing happening throughout the country. I find it alarming that the Conservatives are unable to commit themselves to supporting anything other than college proposals that have already been approved. Many Members on both sides of the House who seek investment in their communities will know that it is now under threat.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Given the Secretary of State's responsibility for science, and given that since the Phillips report on BSE the Government have announced that they will adopt an evidence-based policy and take scientific and other expert advice, is the Secretary of State in any way embarrassed by the Government's decision to reject advice on cannabis reclassification given three times by the Advisory Council on the Misuse of Drugs, whose advice has never been rejected before?

Mr. Denham: I think Ministers must show that they have listened to scientific advice and understand where it comes from, and to which questions the scientists were asked to respond, and, if necessary, should weigh that advice with other factors before making a decision.

As the hon. Gentleman knows, I am passionately committed to ensuring that the Government make better use of scientific evidence. I commend to him a report produced last week, at my request, by the Council for Science and Technology on how we can do that. I hope to promote the report's conclusions across government, along with my Ministers and the chief scientific adviser.

Dr. Brian Iddon (Bolton, South-East) (Lab): Has my right hon. Friend received the report by Excite UK on science and discovery centres, and has he given any further consideration to the funding of such centres?

Mr. Lammy: We are considering the work of Frontier Economics on discovery centres. I know that my hon. Friend is a champion of the discovery centre in his constituency, and I know of the tremendous work that such centres do in encouraging young people to engage with science in a practical way. We will consider that work carefully, and report to the House in due course.

Miss Anne McIntosh (Vale of York) (Con): What steps are the Government taking to encourage people over the age of 30, who may be in part-time work and have never had an opportunity to go to university, to study? As an honorary graduate of Anglia Ruskin university, may I ask whether the Secretary of State is aware of the university's joint venture with Specsavers, enabling employers to engage with students with the profile that I have described?

Mr. Lammy: We were pleased to announce 5,000 new co-funded places to enable employers to work with universities on a new range of courses that meet their needs. We have had discussions with our sector skills councils—especially those that have traditionally required higher-level skills, such as Skillset—to ensure that they too engage in new partnerships with our universities. I hope that that deals with the hon. Lady's concerns. She will also have heard what the Secretary of State said about the future of the higher education debate, the changing demographics of higher education, and the examination of part-time courses that we intend to carry out in that context.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Is the Minister aware of the potential problems that changes in the definition of the term "apprenticeship" could cause charities in my constituency such as Rathbone, which does great work in encouraging children from disadvantaged backgrounds into the workplace? Will he take steps to ensure that the good work of such charities is not damaged by technicalities such as definitions?

Mr. Simon: I am aware of the issue and my hon. Friend is, like me, a great champion of Rathbone. I have a long history with Rathbone, going back to childhood. I am as keen as she is to see that the exciting and fantastic work it does is not prejudiced in any way by the Government's non-negotiable insistence that an apprenticeship is a relationship with an employer and is training that happens in a workplace. We can accommodate these two things, and that is what we will do.

Greg Mulholland (Leeds, North-West) (LD): We all agree that bursaries play an important part in attracting students from less well-off backgrounds to university, but does the Secretary of State accept the irony and see the problem that with bursaries coming from university fees, the universities and colleges that are doing very well in attracting people from less well-off backgrounds are the ones that have to pay out for a large number of bursaries, while those who are not doing that do not have to pay out the same number? It is not working nationally. Does he agree that the only way to address this problem would be by a fair, national bursary scheme?

Mr. Denham: I am grateful that the hon. Gentleman acknowledges the importance of the bursary system. It was introduced, of course, as part of the variable fees that were introduced by the Government. I believe that the hon. Gentleman was elected by telling his constituents that he was opposed to all that. There is a bit of a flip-flop by those on the Liberal Democrat Benches, as indeed there is by those on the Conservative Benches. The point about the bursary system is that it is designed to be the responsibility of individual universities. How the bursary system has operated will be looked at in the independent review of the way in which the fee system operates. I am reluctant at this stage to say that we should go from a system of locally determined bursaries to a national bursary system, which would simply be an extension of student financial support. Sir Martin Harris judges that there is far more money in the bursary system as a result of local decisions than would have been the case had we imposed a bursary target as part of the fees legislation.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 24 NOVEMBER—Consideration of Lords amendments to the Planning Bill, followed by a motion relating to the salary of the Information Commissioner.

TUESDAY 25 NOVEMBER—Consideration of Lords amendments to the Dormant Bank and Building Society Accounts Bill [*Lords*], followed by consideration of Lords amendments to the Pensions Bill, followed by, if necessary, consideration of Lords amendments.

WEDNESDAY 26 NOVEMBER—It is expected that there will be an oral statement on the local government finance settlement, followed by, if necessary, consideration of Lords amendments, followed by Report stage of the Banking Bill, followed by, if necessary, consideration of Lords amendments.

THURSDAY 27 NOVEMBER—Consideration of Lords amendments.

The House will prorogue either at the end of business on Wednesday 26 November or during the course of business on Thursday 27 November.

I should also like to inform the House that the business in Westminster Hall for Thursday 27 November will be a debate on help for the socially excluded.

Mrs. May: I thank the Leader of the House for giving us the business. This morning, the Under-Secretary of State for the Home Department, the hon. Member for Hackney, South and Shoreditch (Meg Hillier), issued a written statement saying that the Home Office will tomorrow publish a consultation paper on draft secondary legislation under the Identity Cards Act 2006. That will include a draft code of practice on civil penalties; in other words, enforcement measures. This is a significant document, but it will not be available in the Library of the House for Members until tomorrow when the House will not be sitting. Why was the document not published today with the statement so that Members had the opportunity to raise issues before the House rises this afternoon?

On 8 October, the Chancellor told the House in relation to action being taken to help the banking sector:

> "The public are entitled to share in the upside of these proposals, so in return for our support, we will be looking at…lending practices, particularly to home owners and small and medium sized enterprises."—[*Official Report*, 8 October 2008; Vol. 480, c. 279.]

Yesterday in the House, the Prime Minister said:

> "We have done what we can".—[*Official Report*, 19 November 2008; Vol. 483, c. 226.]

Yet, as Members in all parts of the House will know, lending opportunities are not getting through to companies. Someone who runs a company in my constituency wrote to me saying:

> "We tried to apply for a business loan as we are desperate and the bank, due to the credit crunch, declined us…If my business fails my family stand to lose their home…My employees have their own families to worry about too."

May we, therefore, have a debate in Government time on lending to companies, so that Members can raise their constituency concerns and the Chancellor can set out to the House exactly what he required from the banks when he pumped tens of billions of pounds of tax payers' money into the banking system?

In the summer, the Department for Children, Schools and Families was forced to sack ETS, the firm responsible for marking standard assessment tests, following shambolic delays. The firm had been appointed despite a track record of failure in America. Now, three months into the academic year, thousands of students are still waiting for their education maintenance allowance, and yesterday the Children's Secretary was forced to sack Liberata, the company responsible for the delays, yet that firm was also appointed despite a well-publicised record of failure and having been described by the Financial Services Authority as reckless and inadequate. May we have a debate in Government time on the inept failure of this Department in handling major contracts? May we also have a Government statement on why the Department refused to put a Minister on "Newsnight" last night to discuss this issue? In fact, there was a Cabinet Minister on the programme last night—the Secretary of State for Communities and Local Government—but what was she discussing? The exit of John Sergeant from "Strictly Come Dancing". Does that not say a lot about this Government? Cabinet Ministers will go on television to discuss a popular TV show, but will duck responsibility for decisions that affect the lives of thousands of young people.

May we also have a debate on justice for victims of violent crime? Fewer than half of violent crimes committed each year are solved by the police, partly because officers are tied up with bureaucracy and are pressured to solve minor crimes to achieve targets. Today, the Public Accounts Committee has said that victims of violent crime are not claiming compensation because of excessive bureaucracy and complex forms, so not only do victims fail to see perpetrators being caught, but they also miss out on the compensation to which they are entitled.

Finally, earlier this week, we learned that the Cabinet enforcer, the right hon. Member for Birmingham, Hodge Hill (Mr. Byrne), likes his newspapers laid out in the morning, his coffee at certain times of the day, and his soup at a precise temperature. I note that these instructions were issued when he was immigration Minister. Perhaps it is no wonder that we discovered this week that 300,000 visas had been wrongly allowed; Home Office officials were obviously far too busy fetching the Minister's coffee and heating his soup.

With bureaucratic disasters at the DCSF, Ministers talking about "Strictly" rather than about their own mistakes, and Home Office officials busy heating Ministers' soup, does this not tell us all we need to know about this failing Government?

Ms Harman: The right hon. Lady asked about the written ministerial statement and the consultation on identity cards. When the Government formulate proposals and have firm propositions on the back of the consultation, information will, of course, be brought before the House, but I will look into her concern that the consultation document should have been made available to Members at the same time as the written ministerial statement. I am not aware of the facts behind that, but I will look into it.

The right hon. Lady mentioned the importance of ensuring that finance is made available through the financial services industry to home owners and small businesses. She is absolutely right that the focus of our priorities is to back-up the economy with Government action, and I hope she will back what is necessary, which is fiscal action to make sure we do not simply stand by and say, "We're not going to do anything about this. We're not going to take any action. We're not going to capitalise the banks. We're not going to ensure credit lines to small businesses." We think that is unacceptable. We have already taken action: we have recapitalised the banks; we have seen interest rates fall; we have taken co-ordinated international action; and, as I have just announced, we will have the pre-Budget report on Monday. I hope that, in the interests of the issues the right hon. Lady has rightly raised, she will back the Government when we take the necessary fiscal action to do what she wants and what we all want to see happen.

The right hon. Lady asked about the Department for Children, Schools and Families' procurement of Liberata. She will know that procurement is not done by Ministers sitting in their offices deciding which company should have a contract, that strict rules govern procurement processes, that, as the Prime Minister told the House yesterday, if a company fails to deliver under a contract that it has entered into with a Department, that contract is terminated, and that Liberata is no longer providing those services. I hope that she will also back the Government on the increased support that we are putting into the EMA to help young people continue their studies and not be deterred for financial reasons. I hope that she will also back the additional support that we are offering to students across the board in higher and further education and to young people in general, so that all young people under the age of 18 are in continuing education or training.

The right hon. Lady asked about victims of crime. We can all agree that it is not acceptable for there to be any failure in the Criminal Injuries Compensation Authority, and that it is right that a prompt assessment should be made of whether any crime has taken place and of the quantum of compensation that is necessary. However, I cannot help noticing that sometimes the people who complain—rightly, as I would see it—about failures in the compensation of victims of crime are also those who sometimes complain about the compensation culture. Let us hope that they are on our side on this matter. She also worked herself up into a lather about what has been called the "cappuccino memo", so may I reassure her that it is all just froth?

Mr. Ian Cawsey (Brigg and Goole) (Lab): My right hon. and learned Friend will be aware of the ongoing discussions about the copyright term and of the fact that performers have a shorter copyright term than authors, songwriters and composers. The European Commission is suggesting how to make progress on this issue, but that proposal does not yet appear to have been warmly embraced by the UK Government. Can she arrange for a statement to be made to the House, so that we can correct this anomaly? Of course, I should declare an interest as a member of MP4, the world's only parliamentary rock band.

Ms Harman: Not only is MP4 the world's only parliamentary rock band, but it is its best one—indeed, it is also a cross-party parliamentary rock band. The Ministers who have just finished answering Department for Innovation, Universities and Skills questions would probably know the specific answer to my hon. Friend's question, but as he missed the opportunity to raise it then, I shall ensure that I raise it with those Ministers.

Simon Hughes (North Southwark and Bermondsey) (LD): The Leader of the House probably ought to announce that there is time in the diary to hear the band in the next couple of weeks, because that might cheer everybody up.

Last week, she was asked by the right hon. Member for North-West Hampshire (Sir George Young) and others, including myself, if, either before or after the pre-Budget statement but certainly before the end of this Session, there would be a chance to debate the matters that arise from it. May I support that specifically by asking that we have the opportunity, in that context, to debate national housing issues? The recent figures show that the number of planning applications for housing has fallen by 68 per cent. on a year ago and that almost half of the 21,000 low-cost homes built in the past year by housing associations remain unsold. We all understand the huge pressures on many families and on other constituents. There is a common interest across the House on that issue, and if the Leader of the House could find time for a debate on it, that would be widely appreciated in all quarters.

May I endorse the request made by the right hon. Member for Maidenhead (Mrs. May) for an urgent debate on victims of crime? The hon. and learned Member for Beaconsfield (Mr. Grieve) secured an answer showing that only 49 per cent. of violent offences—not all offences, but violent offences—result in someone's conviction for them, which is a serious failure.

The report published this morning by the Public Accounts Committee is damning in two respects. First, it criticises the failure of the CICA to process the applications. The number of applications has fallen by 23 per cent, but the time taken to process them has risen from 12 months to 17 months. The costs have gone up to £6.1 million. Secondly, of the last recommendations that were made, 15 were accepted by the Treasury, but only a third have been implemented. That really is not good enough. We all agree that we are concerned about victims of crime, so can we please ensure that we address how victims—the majority of whom do not apply for compensation—can be told about the system? If they use it, we must also ensure that it works.

The Leader of the House has rightly said that there has been consultation on the draft Queen's Speech in the past two years. This year was to be the proper consultation, because last year there was only a shortened consultation period. I think that I am right in saying, although I stand to be corrected, that the draft Queen's Speech was presented on 14 May and the deadline for responses was 6 August, but we have had no report of the responses to that draft. My understanding was that we were to see the outcome of the consultation publicly in good time before the Government announced the Queen's Speech. We have one week to go: please may we have the outcome of the consultation placed in the Library in the remaining days of this Session?

Yesterday, we saw a demonstration outside the House in support of a journalist called Mr. Tissainayagam, who has been accused under prevention of terrorism

[Simon Hughes]

legislation and held since March in Sri Lanka. That country has been given the lowest press freedom rating of any democratic country in the world, according to Reporters Without Borders. Given how many journalists are in prison and detained without proper process in so many countries and if we believe in democracy—not just here, but everywhere—can the Leader of the House find time for a debate on journalistic freedom, not only in Sri Lanka but in many other countries?

Ms Harman: The hon. Gentleman asks for opportunities for debate about economic issues, especially following the pre-Budget report. He will remember that this Monday we had a statement from the Prime Minister following the G20, which centred on economic issues. Next Monday, as the hon. Gentleman will be aware, we will have the pre-Budget report, and I confidently expect that there will be an opportunity to debate economic issues as part of the Queen's Speech debate. However, I agree that we need a specific opportunity for colleagues to debate the issues in the pre-Budget report after they have heard the statement. I will look for an opportunity before the House rises for Christmas to give Members that chance.

The hon. Gentleman mentioned the problems in the housing and construction industries, which also have implications for employment. We are determined to press on with our housing programme, and there were questions on that issue to the Housing Minister in the Communities and Local Government questions on Tuesday.

The hon. Gentleman mentioned the CICA, and I will draw to the attention of the Secretary of State for Justice and Lord Chancellor the concerns that he and the right hon. Member for Maidenhead (Mrs. May) raised about the treatment of victims of crime and the importance of getting the compensation they need. All those hon. Members who are about to raise that issue may rest assured that I will bring those points to the attention of the Secretary of State and the Permanent Secretary in that Department.

On the consultation on the draft legislative programme, I wish to emphasise to the House that, above all, this is an issue of making open something that in previous years had been done by civil servants and Ministers behind closed doors. The key point is that instead of everyone, including Members of Parliament, knowing the contents of the legislative programme only when it is announced in the Queen's Speech, it is published in draft form so that voluntary organisations, interest groups, MPs and the public can see what is planned. That is the main reason for the consultation. Obviously, reporting back on the specific responses to the draft legislative programme is important. That will happen around the time of the Queen's Speech or shortly afterwards. Of course, that is in addition to the specific consultation in which Departments will have engaged in respect of particular Bills. There is no attempt to sweep responses from the public under the carpet, but as the hon. Gentleman is interested in the matter, I will find out when those responses will be published.

The hon. Gentleman also raised the important issue of journalistic freedom, which I will bring to the attention of the Foreign Secretary. We might return to that issue, or perhaps the hon. Gentleman will propose a topical debate on general human rights or journalistic freedom.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will my right hon. and learned Friend consider an early debate on the future of Parliament, and the way in which we apportion the roles of Members of the House? A senior Clerk recently told me that 10 years ago, there were 200 Select Committee places for Members of Parliament; there are now 400. Additionally, there is now a plethora of Ministers, including unpaid Ministers, unpaid Whips, and so on. Would it be a good idea, and good economics, to stop paying Ministers altogether, given that everyone seems to want to do that job, even for nothing, and pay independent Members of Parliament, because that is where the premium should lie?

Ms Harman: My hon. Friend complains about the economic costs of unpaid Ministers—I do not quite follow him on that. He seems to want Ministers to be unpaid for their additional responsibilities, but I presume that he still wants the Chairmen of Select Committees to paid for theirs.

Sir Nicholas Winterton (Macclesfield) (Con): The Leader of the House will know of my long and sincere concern about the plight of the people of Zimbabwe. Zimbabwe has been put on the back burner because of the tragic crisis in the Democratic Republic of the Congo, but will she accept that this country has a unique responsibility for what has taken place? Mr. Mugabe, who, basically, was displaced in a democratic vote in his country, still hangs on to power, and millions of people are starving. He is cocking a snook at the world, including African countries. May we have an early topical debate in the Chamber, if not before the end of the Session, early in the new one? Will she reassure me that we are not going to forget the people of Zimbabwe?

Ms Harman: The hon. Gentleman has a long record of raising the issue of Zimbabwe in the House. I should like to reassure him and the House that there is no question of the dire plight of the people of Zimbabwe being put on the back burner. As he will recognise, it is a difficult situation, but the country expects us to have an important role working with other countries throughout the world, including in Europe and the African Union, to do what we can to resolve the dire situation that afflicts the people of Zimbabwe. I take his remarks as a proposal for a topical debate.

Mr. David Drew (Stroud) (Lab/Co-op): My right hon. and learned Friend knows that the pre-Budget report will be on Monday, when, it seems, we will also discuss the Information Commissioner's salary. In between those things, we will discuss the rather important business of the Planning Bill, which remains controversial. Will my right hon. and learned Friend ensure that there is sufficient time to debate it properly. A number of amendments will be tabled, and it would be quite wrong for the time given to it to be squeezed any more than it has been.

Ms Harman: I take my hon. Friend's point. It is important that we have the amount of time that we need. Consideration of the Planning Bill will come before the motion on the Information Commissioner's salary.

Mr. Oliver Letwin (West Dorset) (Con): I hope that the Leader of the House might consider a ministerial statement on the scheme that the Government have announced for free cavity wall and loft insulation for elderly people. The Rev. Sydney Willcox is among my constituents who have written to tell me that they had to meet their own costs, because when they applied for grants, they had run out. I suspect that that will be of interest to other hon. Members whose constituents have similar problems. I should like a statement on the matter.

Ms Harman: I will ask the relevant Minister to look into the case that the right hon. Member has mentioned. The programme to ensure maximum insulation is very important, not only because it protects people from the costs of the increased energy prices, but because it helps to reduce carbon emissions. I will ensure that we look at the matter and that the programme goes ahead smoothly.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): Yesterday, the Home Secretary made an announcement that made it an offence for men to seek prostitutes who have been trafficked or who are being held against their will. I welcome that move and believe that it is an absolutely right, valid step. I was appalled yesterday to hear the English Collective of Prostitutes arguing that it was a retrograde measure. How could it be when we are seeking to protect vulnerable women? I welcome and endorse the measure. Will my right hon. and learned Friend persuade the Home Secretary to come to the House to make a statement on the measure, so that we can squash once and for all the appalling rhetoric that comes out of that organisation?

Ms Harman: I pay tribute to my hon. Friend for the consistent work that she has done for many years to tackle the problem of the sexual exploitation of women. I hope that everyone in the House welcomes the Government's determination to protect the vulnerable victims of human trafficking, and women from this country who are forced into prostitution. For them, prostitution is not a choice, because they are made vulnerable by mental illness, or alcohol or drug addiction. We must recognise that those women are vulnerable only because of the sex trade, and the sex trade is only there because of men choosing to pay for sex. The question is this: whose rights should we protect? Should we protect vulnerable women from exploitation, or the right of men to buy sex? I certainly know my answer to those questions.

I pay tribute to those on both sides of the House who have raised this issue, many of whom are here today, including my hon. Friend the Member for Slough (Fiona Mactaggart) and the hon. Member for Wellingborough (Mr. Bone). On this issue, we will look back and ask ourselves, "Why did we ever say that there should be a law to prevent the sale of a faulty iron, yet allow men to pay for sex?"

Mr. John Maples (Stratford-on-Avon) (Con): May I support the request for an early debate on the state of the economy? I should personally like the opportunity to explain, and apologise for, a phrase that I used on Monday, when I said that the recession must run its course. I realise that that may have caused deep offence to victims of the recession. I meant that the economy cannot recover until levels of private sector debt have been reduced. I did not mean to convey the impression that I thought that the Government should not help the victims of the recession, and I fully support borrowing by the Government to do so. May we have that early debate?

Ms Harman: I am sure that everybody will have taken note of the hon. Gentleman's comments. As one hon. Member said earlier this week, it is an important time for everyone, including different countries, to pull together, to ensure that the impact of the global economic downturn in this country is as short and as shallow as we would all wish.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on the future of the British manufacturing industry? My right hon. and learned Friend will be aware that Rolls-Royce has today announced 2,000 redundancies worldwide, including a significant number in this country. I must tell her, in the nicest possible way, that there is a school of thought among those in the manufacturing industry, including both employers and employees, that the House does not give priority to manufacturing when compared with other things. That has been crystallised today by the Leader of the Opposition, who is more interested in John Sergeant and who is drinking cups of coffee.

Ms Harman: My hon. Friend is a long-standing champion of manufacturing industry, in Scotland and throughout this country. He has raised the question of Rolls-Royce job losses, which are very worrying indeed. This is an important British company, and 4 per cent. of its work force in this country will be affected. Once again, this shows the importance of Government action to support investment, apprenticeships and training, and of Government action through the regional development agencies. This is not the moment to stand back and say that there is nothing we can do. This is the moment for us to step forward and to recognise the importance not only of small businesses but of our big manufacturing companies, and for the Government to back them up.[1]

Andrew George (St. Ives) (LD): I seek the assistance of the Leader of the House regarding the efficiency of ministerial correspondence and response rates. I say this following the remarks made by the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), on local radio on 14 October. When talking about upper gastro-intestinal cancer surgery at the Royal Cornwall Hospitals NHS Trust, he said that "twice as many people" were "dying unnecessarily" at the hospital. That has caused deep offence to the clinicians and staff there. Patient groups, the trust and I wrote immediately to the Minister asking him either to provide evidence for his claim or to apologise, but we have received no response whatever. Will the Leader of the House use whatever influence she has to expedite a response?

Ms Harman: I will look into the question of ministerial correspondence that the hon. Gentleman has raised, but I would also say, in respect of the stance taken by my hon. Friend the Minister, that he was making what I think is a very important point. That is that the outcomes for those suffering from gastro-intestinal problems are very much dependent on specialisation and expertise, and we obviously want services to be accessible to people as locally as possible. However, we must also keep a close eye on what is the best outcome for patients, especially those who are suffering from cancer. My hon. Friend the Minister was engaging in a big

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[1] *[Official Report, 24 November 2008, Vol. 483, c. 7MC.]*

[Ms Harman]

discussion that has been taking place in the hon. Gentleman's part of the country, on how we can ensure that the very best services are delivered for patients, and that we do not have a postcode lottery.

Mr. David Chaytor (Bury, North) (Lab): Twice in the past 18 years—in Bosnia and in Rwanda—western Governments have been reluctant to intervene in ethnic conflicts that subsequently escalated into genocide. This month, the Democratic Republic of the Congo is on the brink of another civil war, only two years after its presidential election, following 10 years of civil war and 35 years of dictatorship. The Prime Minister, the Foreign Secretary and the Secretary of State for Defence will shortly have to decide on our Government's position regarding providing further assistance to the Government in the DRC. May I suggest that we have a debate on this matter, so that the whole House can consider the arguments for and against increasing our involvement, and that of our European partners, in the eastern DRC, to ensure that the present conflict does not escalate into total civil war and genocide?

Ms Harman: My hon. Friend's concern about the Democratic Republic of the Congo was echoed widely in our topical debate on the subject a couple of weeks ago. He will know that the Foreign Office Minister with responsibility for Africa, Lord Malloch-Brown, has recently returned from that part of Africa and is working with our international partners in the United Nations and the European Union. I will also raise my hon. Friend's points with the Foreign Secretary.

Mr. Julian Brazier (Canterbury) (Con): Can the Leader of the House tell us whether Her Majesty's Government will accept the strongly worded recommendation from the European Parliament earlier this year that piracy be treated as a criminal offence rather than an act of war? The effect of doing that would be to require our armed forces to risk their lives trying to capture pirates—who might then, in some circumstances, be able to claim asylum—rather than simply blowing them out of the water, as the Indian navy has just done.

Ms Harman: If the hon. Gentleman has had the opportunity to look at the draft legislative programme that we published earlier this year, he might have seen our proposal to change the law on our obligations in relation to piracy at sea. I suggest that he await the inclusion of such issues in the legislation to be introduced following the Queen's Speech.

Dr. Brian Iddon (Bolton, South-East) (Lab): I would like to call for a debate on the misuse of drugs, whether controlled drugs or otherwise. In the past two weeks, the House has been denied a full debate on the reclassification of cannabis, unlike in 2004 when there was a full debate on that matter. A further controversy involves the vigorous debate that is taking place outside the House on whether treating addicts in residential accommodation or treating them by maintaining them on substitute drugs is the right way forward. It is a long time since we had a debate in the Chamber on the misuse of substances, and I hope that my right hon. and learned Friend will agree to organise one.

Ms Harman: As my hon. Friend has made clear, the question of drug abuse and addiction crosses a range of issues, including children and young people, crime and health. I will look at his proposal that we should find an opportunity for the House to debate the issue across the piece.

Sir George Young (North-West Hampshire) (Con): Has this week been so uneventful that the Leader of the House can find no subject at all for today's topical debate, or is she beginning to lose confidence in this innovation?

Ms Harman: We are having a debate on fisheries this afternoon. That is a very important issue for our coastal towns. There will also be an important statement from the Secretary of State for Children, Schools and Families, which will be topical.

David Taylor (North-West Leicestershire) (Lab/Co-op): On 7 October, I tabled early-day motion 2191, to express my concern that the Government had yet to ratify the United Nations convention on the rights of people with disabilities.

[That this House is concerned by the delay in the Government's ratification of the United Nations Convention on the Rights of Persons with Disabilities; notes that to date 41 signatories have ratified this progressive international human rights instrument, including Australia, Austria, Bangladesh, China, Cuba, India, Kenya, New Zealand, Niger, Paraguay, Qatar, South Africa, Spain and Tunisia; believes that the UK's delay in ratification compromises the Government's existing achievements and objectives in tackling disability discrimination; and calls upon the Government to ratify the Convention without reservation or further delay.]

Will the Leader of the House tell us whether the reassurance that ratification would be announced before the end of this year is still on track? We run the risk of compromising our extensive achievements of the past 10 or 11 years in tackling disability discrimination, and ratification of the convention would be the last piece in the jigsaw. May we also have a debate on the subject?

Ms Harman: My hon. Friend is right to draw our attention to the need to press forward with our support for the rights of people with disabilities. I know that he will welcome and support our new equality Bill, which will entrench rights and opportunities, and offer people with disabilities protection from discrimination. I do not know the technical details relating to how on track we are with the ratification, but I would say that, across health, education, the Home Office and the Government Equalities Office, we are really pressing forward to highlight issues of concern for people with disabilities.

Robert Neill (Bromley and Chislehurst) (Con): Please may we have an urgent debate on the impact that retrospective changes to rating arrangements are having on businesses in the statutory ports? I was recently told by representatives of those businesses, which employ about 100,000 people, that the ports sector is now facing multi-million pound bills as a result of those changes, which were carried out without any impact assessment. Those liabilities have to be accounted for in the current accounting year, and many firms risk being tipped over into bankruptcy as a result of those bills arriving at a time when the sector is being badly hit by the economic downturn.

Ms Harman: Across the piece, the Government are looking at how we can support business in this difficult time of global economic downturn. I will draw the hon. Gentleman's point to the attention of the relevant Minister. The hon. Gentleman might also like to look for an opportunity to raise the matter during the statement on the pre-Budget report.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Is the Leader of the House aware that only 7 per cent. of UK households are able to leave out batteries for collection by a recycling scheme? Under new European Union regulations, we shall have to recycle 25 per cent. of our household batteries by 2012. Will she grant time for a debate on recycling, so that the House can explore ways of meeting that target, including making facilities such as battery bins more widely available—perhaps even in the House?

Ms Harman: It is important in all respects for this House to be setting an example, but my hon. Friend is right to say that recycling materials safely saves the cost of landfill and the pressure that that puts on space. People sometimes jeer at such suggestions as examples of political correctness or the nanny state, but they are really important for sustainability. I shall draw her remarks to the attention of Ministers in the Department of Energy and Climate Change.

Mr. Peter Bone (Wellingborough) (Con): Two constituencies adjoin: in one, a secondary school has been demolished and not replaced, rail services have been cut and many post offices closed, and there is no hospital; in the other, there is to be a new railway station and a new hospital. What is more, the out-patient facility in the first constituency is being closed and transferred to the second constituency. The first constituency is the Conservative marginal seat of Wellingborough, and the second is the Labour marginal seat of Corby. Can we have a statement on Labour's gerrymandering?

Ms Harman: The hon. Gentleman has made some very unjustified allegations about the motivation behind the allocation of investment. I am not going to look for time for a debate or pass his remarks on to Ministers; in fact, I am going to ignore them.

Safeguarding Children

12.11 pm

The Secretary of State for Children, Schools and Families (Ed Balls): With your permission, Mr. Speaker, I should like to make a statement on the actions that I have taken over the past week, since I received last Wednesday morning the serious case review of the tragic death of baby P.

As I said to the House on Monday, the whole nation has been deeply shocked, appalled and angered by the terrible suffering that this little boy endured. Since the jury reached its decision on 11 November, we have all read of the abuse that he suffered at the hands of adults that he lived with. That is something that I think we all struggle to comprehend.

The case has also raised serious questions of public concern about how such a thing could have happened again, despite numerous contacts with social workers, police and health professionals—and in Haringey, too, the same borough where Victoria Climbié died eight years ago. We need to know what actions are urgently needed in Haringey to ensure the safety of other vulnerable children in that borough and proper accountability for what went wrong, and what further steps are needed to ensure that all children are safe across the country.

It is our collective duty to do what we can to prevent such a tragedy happening again, and I am grateful to the hon. Member for Surrey Heath (Michael Gove) and to other Opposition Members for the support that they have given me over the past eight days for the actions that we have so far taken.

Let me start by setting out the background. Following the death of baby P on 3 August 2007, and consistent with the statutory requirements set out in "Working Together to Safeguard Children", a serious case review started immediately to discover what happened and why. Serious case reviews are carried out whenever a child dies and abuse or neglect is known or suspected to have been a factor. They are instigated by the local safeguarding children board, which is independent of Government.

The report should be independently authored. Local agencies should implement any interim lessons immediately, while the serious case review is still in progress, and working drafts of serious case reviews may be shared with Government officials. Since April last year, Ofsted has evaluated each serious case review to help to strengthen the system. However, in all cases, Ministers are not involved in any part of the process of undertaking and completing the serious case review and do not see draft reports. In this case, the executive summary of the serious case review was published on the afternoon of 11 November, and my right hon. Friend the Minister for Children, Young People and Families and I received the full confidential report on the morning of 12 November.

Having studied it, we concluded that there was clear evidence that agencies had failed, singly and collectively, to adhere to the statutory procedures for the proper management of child protection cases. This raised serious concerns about the wider systems and management of services for safeguarding children in the Borough.

Our immediate priority was to ensure the safety of children in Haringey, so, that afternoon, we arranged for the director of children's services in Hampshire,

[Ed Balls]

John Coughlan, to be immediately seconded to Haringey to help to ensure that proper procedures for safeguarding children were in place and being applied. He began that work the following morning.

At the same time, I decided that Ofsted, the Commission for Healthcare Audit and Inspection and the chief inspector of constabulary should carry out an urgent inspection in Haringey under section 20(1)(b) of the Children Act 2004. In particular, I asked the inspectors to look closely at the quality of practice and management of all services that contribute to the effective safeguarding of children in Haringey.

The work of the national inspectors is under way, and I will receive a first report by 1 December. As soon as I have studied their findings, I will publish their report and the actions that we will then take.

This tragic case also raises wider issues about child safety. It is now just over five years since we published Every Child Matters in response to the Victoria Climbié inquiry, chaired by Lord Laming. Both the joint chief inspectors earlier this year and Lord Laming himself have said that these reforms have significantly strengthened the framework for safeguarding children, and in local areas across the country there is much good work being done that is keeping children safe.

However, as the joint chief inspectors also said in their July report, there is still much work to do to ensure that the reforms are being implemented systematically by all local agencies, so that children in every part of the country receive the protection that they need—a view that was repeated and reinforced yesterday in Ofsted's annual report. That was why we began a stocktake of local safeguarding children boards last month, including their governance and accountability arrangements, the independence of local safeguarding children board chairs and whether the statutory guidance needs to be revised. At the same time, we also started work to establish what more can be done to improve the quality, consistency and impact of serious case reviews.

As I explained to the House on Monday, and immediately following the legal verdict on 11 November, my right hon. Friend the Minister for Children, Young People and Families and I asked Lord Laming to provide us with an urgent report of progress made across the country in implementing effective arrangements for keeping children safe. In parallel, we have also set out legislative proposals to improve children's trusts that will provide stronger area-wide accountability for the well-being and safety of children across all children's services.

I met Lord Laming on Monday to agree the scope of his report, which will be ready early in the new year. He will report on the key features of good safeguarding practice and whether they are being universally applied across the country, including the development of the professional work force, inter-agency working and effective systems of public accountability. He will also look at the key barriers, including in the legal process, that may be impeding children's professionals in their work and stopping good practice becoming common practice—including whether the right balance is being struck between the correct application of processes when taking a child into care and the needs of the child. Lord Laming will also look at what specific actions should be taken by national Government and local agencies to overcome those barriers and accelerate improvement across the country.

I have also decided to bring the work on local safeguarding children boards and the work on serious case reviews that we announced last month under Lord Laming's remit. I am pleased that he has today begun his work and that he has already written to experts and interested parties setting out how they can inform his findings. I have placed a copy of that letter in the Libraries of both Houses.

Professionals working with children in this country do a tough job, often in very difficult circumstances. They have a great responsibility and they make very difficult judgments every day, but where serious mistakes are made, there must be proper accountability. We must never forget that our first duty is to make sure that all children are safe and protected from harm. We will not rest until we have the very best possible child protection arrangements to safeguard our most vulnerable children.

The case of baby P is tragic and appalling. We have a responsibility now to take whatever action is needed to ensure that such a tragedy cannot happen again and that all children are able to grow up safe—in Haringey, and across the country.

I commend this statement to the House.

Michael Gove (Surrey Heath) (Con): I thank the Secretary of State for prior notice of the statement, and for the co-operative approach that his office has taken in helping to resolve the delicate questions to which this tragic case has given rise.

The horrific circumstances of baby P's short, agonised life and terrible, pain-racked death are imprinted indelibly on all our minds. The ultimate moral responsibility for the child's suffering rests with the three adults found guilty of allowing his death. I am sure that the Secretary of State would agree with me that we must never shift our focus from preventing such evil from being inflicted on another innocent. That is why it is important that we ask serious questions now, to ensure that we give children the greatest possible level of protection.

I appreciate that the Secretary of State has been working hard to get answers, and the questions that I ask today imply no criticism of him personally. Indeed, I thank him for so speedily ordering an independent inquiry into Haringey council. But would he now acknowledge that the inspection regime that was supposed to monitor child protection in Haringey was flawed?

We know that when a former social worker rang the alarm bell six months before baby P died, her concerns were passed on, in accordance with the procedures in place, to the Commission for Social Care Inspection. The commission met representatives from Haringey in March 2007 and asked for improvements to be made. Two weeks later, responsibility for inspecting Haringey's children's services passed from the commission to Ofsted, and there is no evidence yet that Ofsted or anyone else pursued the demand that Haringey improve its child protection. Does the Secretary of State agree with me that that was wrong, and does he share my concern that other child protection cases may have slipped through the cracks in that handover?

We know that Ofsted inspected Haringey's children's services department in October 2007 and gave it a three-star rating, saying that it provided a good service for children. We also know that that report was based on desk research and was conducted by an inspector who had served as an official under Haringey's director of children's services. The inspector was, in fact, a former head of school standards in Haringey. Does the Secretary of State agree with me that that was wrong? Given the importance of getting child protection right in Haringey, should not a totally independent person have been appointed to conduct that inspection?

The Secretary of State has rightly insisted on urgency in the current inquiry into Haringey, and one of the principal issues in question is the threshold for taking a child at risk into care. We know that medical professionals believed in December 2006 that baby P had suffered non-accidental harm, and we know that in June 2007, medical professionals warned that baby P had probably been physically abused. The police were anxious that he should be removed from an abusive environment, but the council's lawyers refused to apply for a care order. Will the Secretary of State ensure that the legal advice given by Haringey's lawyers is published in full when the inquiry reports, so that we can all see just what went wrong?

I agree with the Secretary of State that it is crucial that we ensure that in future there is clarity on when and how children can be taken into care. Does he agree with me that there is an absolute need to ensure that the child's interests are paramount, and does he also agree that the increase in the costs of taking a child into care imposed by the Ministry of Justice this year now need to be reviewed?

Looking at current systems will be at the heart of Lord Laming's inquiry, which we welcome. The Secretary of State will be aware that when social workers deal with new child protection cases, current targets monitor how quickly they fill in the common assessment form; they do not monitor child protection outcomes in the same way. Will he specifically ask Lord Laming whether we should consider changing the system to ensure that it is child protection, not bureaucratic compliance, that the system prioritises?

The Secretary of State knows that the hon. Members for Yeovil (Mr. Laws), and for Hornsey and Wood Green (Lynne Featherstone), and I have asked to see the serious case review of the handling of baby P's case. Regrettably, the Secretary of State's hands are tied, because the Information Commissioner has ruled that serious case reviews cannot be released to Opposition politicians because of the risk of identifying the professionals involved, and the fear that the professionals who made a mistake may not therefore co-operate with reviews. Does he not agree with me that it is quite wrong to put the interests of a bureaucracy that has failed ahead of proper scrutiny? Is it not wrong that the law as it stands prevents the constituency Member from finding out what happened in the case? Does he agree with me that the law needs to change?

Does the Secretary of State also agree with me that whatever legal or procedural changes follow, the most important change is a change of culture? The public are tired of hearing that the correct procedures have been followed, when a child died in agony. The public are astonished that a director of children's services can say, after the death of a child:

> "In the light of the good performance, a full scrutiny review would not be beneficial or add value to the service."

The public are rightly insistent that we act swiftly and comprehensively to hold those responsible in this affair to account, and to make the changes necessary to improve child protection across the country, which is why we will give every support that we can to the Secretary of State in his work.

Ed Balls: Let me start by saying that I appreciate that support and co-operation. It is important that, together, we do everything we can, where possible. It has been the case since Every Child Matters and Climbié that, where possible, we make such issues cross-party matters. That is certainly my commitment, too.

The hon. Gentleman will know, as I wrote to him and to the hon. Member for Yeovil (Mr. Laws) this morning, that yesterday I endeavoured to see whether I was able to release the full, confidential, serious case review to parliamentarians, but the clear professional advice given to me was that that would be the wrong thing to do, given the ruling of the Information Commissioner and the importance of making sure that in future, serious case reviews are done properly. I absolutely want them to be done better in future. However, I am happy to continue to reflect on that. What I can do is ensure that when I receive the inspectors' report on 1 December, both the Opposition spokesmen and the local MP get a chance to study it before I make it public, so there will be an opportunity, at least at that point, to make sure that everybody is properly and fully informed.

The hon. Member for Surrey Heath (Michael Gove) is quite right: in the end, it was the deception and the evil of the adults involved in the family that was to blame, and it was they who inflicted that cruelty on the child. That is very clear in the serious case review executive summary, which is public, and it is even clearer in the fuller report. At the same time, when these issues come to light and to the attention of professionals, there is a responsibility for us to act. Our judgment, having read the detail, is that actions were not taken when they should have been taken. It is that collective and singular failure that we are asking the inspectors to look at as a matter of urgency.

On the particular points that the hon. Gentleman raises, I do not think that the case of Ms Kemal suggests that the inspection regime is flawed. I agree with him entirely that this is not about procedures, but about making sure that proper investigations were carried out. There was a legal case between Haringey and that individual, which had been settled, and it was about cases that happened three years previously—there was no connection at all to the case that we are considering. When the letter came to the then Department for Education and Skills, it was not seen by Ministers in the Department. On the advice of experts in the Department, the complaint was referred to the inspectors who, in law, were the right people to carry out the investigation. I am reassured that they had a meeting with Haringey representatives and satisfied themselves, independently of Ministers, that the matter had been dealt with properly. Of course, that was in the minds of Ofsted inspectors when they completed their investigation in autumn last year, but

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that was not a full joint area review. They did not go in on the ground in the way that the inspectors whom I am now sending in will. I do not think that there was evidence that the inspection regime was flawed.

Nor do I think that there was evidence on the supposed relationship between the inspector who signed off the annual performance assessment last autumn and Mrs. Shoesmith. I have looked into the matter in detail. She signs off all those reviews, but the review was not done by her. I see no evidence that there was a conflict of interest in this case, and it is very important to me that the Ofsted inspectors now go and do their job in Haringey independently, thoroughly and in a very professional way, which is what they currently do. I hope that we can all support and have confidence in the integrity of the processes that they are following as we speak.

The legal advice will be examined by the inspectors as part of their work. At this stage, I do not know whether there was clear and definitive legal advice not to make an application, or whether more information was needed. The executive summary and the full report make it clear that it took far too long to get information from health experts. When the information was provided, it became clear that some of the consultations were not thorough. The paediatrician in the case has been suspended. It is true that clear signs of non-accidental injury were not acted on. Those matters will be examined, and we will get the report in a week or so.

I carefully considered the issue of legal costs at the end of last year. The Association of Directors of Children's Services has expressed the view that the fall in case numbers since April is due not to the increase in fees but to wider changes in the system. We provided £40 million for councils to make applications, and it would be appalling if any council were not to proceed with an application for a care order because of the financial cost of the legal process. I have asked Lord Laming in the terms of reference to examine that issue in particular. If that is happening, it is a gross error, and that issue is explicitly part of Lord Laming's work.

We will ensure that Lord Laming looks at all other barriers, too. If there are bureaucratic obstacles to social workers doing their jobs effectively, those barriers need to be looked at, but we must be careful. It is important that social workers ensure that information is properly recorded in every case and that they write down their judgments, which is the only way to obtain proper accountability after the fact and ensure that things are done properly. If those records did not exist, the inspectors who are trying to identify what went wrong would find nothing. When social workers have meetings and conversations, those judgments must be recorded.

The important point is that we are discussing judgments. In the end, whatever processes or procedures are followed, the question is whether social workers, with the police and health professionals, are making the right judgments. That is what social workers do every day. In my view, wrong judgments were made in this case. If the inspectors find that in their report, we will hold people to account and act to make sure that such mistakes cannot happen again.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): My right hon. Friend may know that the Children, Schools and Families Committee has been examining the issue of looked-after children for some time. We are extending our inquiry to cover the most vulnerable children—those on the at-risk register. When such a tragedy occurs, nobody wants, at one extreme, a whitewash or, at the other, a witch hunt. If we really care about vulnerable young children, we must do everything that we can to ensure that such things never happen again. However, will my right hon. Friend remember that to raise the expectation that vulnerable children will never be murdered again is to go against human experience? Today, we are discussing not only baby P but the 35 to 50 children who are murdered every year in our country. We must learn from not only this case, but all the other cases, and we should bear it in mind that the improvement in the past few years has been quite good.

Mr. Speaker: Order. The hon. Gentleman should not make a speech.

Ed Balls: My hon. Friend is right. His expertise and that of his Committee will be important in advising us on how we can make sure that we learn the right lessons and take the right actions to prevent future tragedies. I am sure that his Committee will want to input into Lord Laming's work.

My hon. Friend is right to point to improvements. Over the past 15 years, there has been a 40 per cent. reduction in deaths of children under five and a fall in overall child deaths. However, thousands of children die every year, and too many of those deaths are preventable. Our job is to do everything that we can to prevent those deaths. Our society does not seem able to stop adults who conceal despicable acts perpetrated against children, which seems to happen in every society in every generation. Where such cases come to the attention of GPs or social workers, we should be able to ensure that those children are protected. As the hon. Member for Surrey Heath said, we should see things from the child's perspective and always make sure that the child's needs are paramount. My fear is that that did not happen in this case, which is why it is important that we take the necessary action to ensure that we do better in future.

Mr. David Laws (Yeovil) (LD): I start by thanking the Secretary of State for advance sight of today's statement and for his letter this morning on serious case reviews. I understand his problem with publishing serious case reviews, but does he accept that the current situation is deeply unsatisfactory? When he considers the published executive summary, which has been made available by the local safeguarding children board, does he agree that in the light of what we now know about the baby P case, the executive summary is an extremely bland and incomplete assessment of the case that is of little real value? When a child dies in such a way, are we not entitled to more accountability and openness? Will he re-examine that particular issue?

I want to ask the Secretary of State about the urgent joint area review, which he commissioned a week or so ago. Is that review really looking at what happened in the baby P case, or is it merely checking the effectiveness of existing child protection services in Haringey? My hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) has been informed by people within the council that some local managers in Haringey are selecting the staff to whom the investigators can talk. If that is true, it is a matter of great concern. Will the Secretary of State confirm whether that is true? If not, will he investigate as a matter of urgency? Given that he cannot publish the serious case review and that he has been left with a very short inquiry of a couple of weeks, which will not get to the bottom of the issue, particularly in relation to baby P, is it not now obvious that we need a full, independent public inquiry?

The Secretary of State has indicated that the nub of the case is not a lack of contact but a wrong judgment on taking the child into care. This week, the National Society for the Prevention of Cruelty to Children has said:

> "It is legitimate to question whether the 'safeguarding' agenda might be giving professionals a mandate to give parents the benefit of the doubt…and not focus on the needs and vulnerability of the child".

Clearly, that should not happen following the Children Act 1989, which placed the protection of the child at the centre of all those agencies' work. Will he give us his views on that issue and assure us that he will review the concerns of the agencies, which have great expertise?

I want to ask the Secretary of State about wider issues around child protection arising from this case and from yesterday's Ofsted report. A moment ago, the hon. Member for Surrey Heath (Michael Gove) mentioned thresholds. The Ofsted report states that

> "thresholds are sometimes raised by local authorities…in response to workload pressures, staffing shortages and financial resources".

Ofsted first identified that concern three years ago. Will the Secretary of State tell us what has been done, because, given yesterday's report, it seems that not enough has been done? Will he tell us whether he is concerned that the number of children on the child protection register and its successors has fallen by about one third since the early 1990s?

Will the Secretary of State comment on Ofsted's criticism that one third of serious case reviews were inadequate? Will he also comment on why almost all the serious case reviews, including this one, were not completed within the four-month target? This one took well over a year.

The Secretary of State has already commented on the issue of higher court charges, which have increased significantly of late. I have heard his observations on the issue, but will he retain an open mind on it until Lord Laming has completed his inquiry?

Finally, back in 2003, Lord Laming described as breathtaking the unwillingness of those at the top to accept responsibility in relation to the case that he was then considering. This week, the Secretary of State said that, in this particular case, he was

> "deeply disturbed…by the failings of practice and management"—[*Official Report*, 17 November 2008; Vol. 483, c. 15.]

That is a damning judgment. In the light of it, why is Haringey borough's director of children's services still in her post when she is directly accountable under the Children Act 2004? Is it not clear that the borough needs new management, and that we need a full public inquiry into the issue?

Ed Balls: I will not repeat why I could not hand over the full serious case review, although, again, I looked very hard to see whether I was able to do so. Alongside the Information Commissioner's view, the clear advice that I received was that, if we were to set such a precedent, it would make it much harder in future to go through the full independent process. Although I accept that the executive summary is just that—a summary for public consumption of a much longer, more detailed and, I have to say, more harrowing account—the evidence of the problem and the failure to act are clear to see in it. Our concerns when we read the summary last Tuesday were confirmed by the full and more lengthy confidential report. I spoke to Christine Gilbert from Ofsted this morning to confirm that the inspectors are looking at safeguarding in Haringey, including management practices, and they will do so on the basis of an investigation of individual cases and their wider implications. The issues about the handling of the baby P case and the case file will be looked at by Ofsted, the Healthcare Commission and Her Majesty's inspectorate of constabulary, as they prepare the wider report. I hope that that gives the hon. Gentleman some assurance.

I have written to the hon. Member for Hornsey and Wood Green (Lynne Featherstone) today, and I can also assure the hon. Gentleman that there is no question of local managers making the decisions about who the inspectors interview—there is no question of that at all. The Ofsted professionals, and those from the other inspectorates, are highly experienced and highly professional, and I hope that I have reassured him that the report will be thorough and based on the highest standards. It does not do any of us any good at this stage to pre-judge the quality and professionalism of the report, because we may have to make some very difficult decisions on the basis of it, and I want to do so on the basis of the best report.

Of course, the report would have been more thorough if I had asked the inspectors to spend three months preparing it, but I judged that three months was too long to wait, and that two weeks was the shortest period in which they could do the work and the longest period for which I was willing to wait before we made decisions. I could have decided to act in advance of the report and to allocate the blame to particular individuals in a particular way. That was not my responsibility. I judged that it would have been the wrong thing for me to do. The right thing for me to do is to send the inspectors in, to get the detail and then to make the decision, and that is how I have proceeded in this case.

As for the wider issue of public inquiries, when I read the Ofsted inspection reports, talk to Lord Laming and look throughout the country at the consensus that was created around the Every Child Matters report and the reforms that are being put in place, I note that, of course, we have more to do to ensure that the reforms are properly implemented. We may need to reform and change, and that is why Lord Laming is doing his work, but my judgment was that to have waited for a public inquiry before acting, which would have meant waiting many months, or to have thrown the whole system into pause while we waited for the inquiry, would have been the wrong thing to do. It would not have been the right way to ensure that children in Haringey and throughout the country were safe. I do not rule anything out, but people want action, and they want it in the fastest possible time. That is the action that I shall take.

[Ed Balls]

I understand the hon. Gentleman's point and take very seriously the NSPCC's views, but I do not believe that there is any evidence to show that, since 2004, the regime has taken the focus off safeguarding children. In fact, the opposite is true, and July's joint chief inspectors' report, which is mentioned in yesterday's Ofsted annual report, states:

> "The report shows that much has changed since 2005 and provides evidence of improvements in children's services and in outcomes for children and young people. In particular, there is a greater emphasis on safeguarding all children".

The evidence is that we have made progress, but we have not made sufficient progress, and that is why we need to do more.

On the issue of resources, the number of social workers working with children has increased by one third in the past 10 years, and we are now investing £73 million to improve our social work work force, because there are issues about recruitment and retention and they need to be addressed. However, importantly, many of those social workers do a brilliant job in very difficult personal circumstances. It is important that we do not tar them with a particular brush when many of them are highly professional.

I think that I have answered the hon. Gentleman's question about the public inquiry and the director of children's services. I was deeply disturbed, and that is why I am determined to act.

Mr. Graham Allen (Nottingham, North) (Lab): Does the Secretary of State agree that the Government should focus not just on the specifics of this single appalling case and safeguarding? Lord Laming's inquiry, or a further one, should also be empowered to examine how we can break the inter-generational cycle of poor parenting and the poverty of social and emotional capabilities, which is the breeding ground for such abuse. The inquiry should be allowed the time to explore and propose early intervention policies that can command a social and political consensus and build out, over a generation, further dysfunction and abuse. Should not Government and Parliament now be clear about our strategic responsibilities, as well as those in this specific case? Without such clarity, the baby P case will just be the latest in a series of tragedies, no long-term cultural shifts will be made and baby P will have died in vain.

Ed Balls: It is important that we focus on the specifics of the baby P case and take the action that is needed, because it is a particular tragedy that should have been prevented. On the issue of safeguarding, it is also important that we look more widely throughout the country, and that is what we are doing through the work of Lord Laming more generally. On the specific case of baby P, it is clear that there was no sufficient early intervention to prevent that harm. I know that in Nottingham, my hon. Friend has campaigned, researched and led on these issues. Early intervention and prevention, and a culture that priorities early intervention and joint working between the police, GPs, social workers and schools, are at the heart of the cultural change that we have been driving locally, since the Every Child Matters report and nationally with our new Department; the children's plan was introduced a year ago. The reason why I announced this week our intention to legislate for children's trusts on a statutory basis, with all those agencies, including schools, properly signed up to the children and young person's plan, was so that we could entrench that long-term early intervention culture that is necessary to keep children safe and to ensure that every child can fulfil their potential and that every barrier to their happiness, well-being and learning is addressed early on. That is the cultural change that we are trying to lead, but this particular case is an example where early intervention should have worked more effectively.

Lynne Featherstone (Hornsey and Wood Green) (LD): Obviously, I shall focus on Haringey. I wonder whether the Secretary of State agrees with me that three things need to be done. First, the atmosphere and the morale of everyone in Haringey have been shot to pieces, but, for there to be a new start, there must be accountability; because if the same faces remain after the report, we will not have that fresh start. Secondly, when the report comes in, I believe that the Secretary of State will take action, but I very much hope that he will put Haringey into special measures to hold the department safe while action is taken. Finally, a public inquiry will be needed, because the Haringey case has raised many issues that are wider than the investigation can possibly examine. Therefore, for all our sakes in Haringey, we need to establish a forum for those people who want to provide information that the inspectors have been unable to collate so far.

Ed Balls: The hon. Lady has experience of and expertise in these matters. For a long time, she has had detailed knowledge of some of the issues that have been raised. However, I hope that she will understand that it is right for me not to rush to a particular judgment and pre-empt the inspectors' report. I shall make decisions about what needs to be done on the basis of that report, and not before it comes out.

More generally, I understand that people want to know why and how. However, it is also important for the thousands of staff working on child protection in Haringey—and for the thousands of children whose safety is at issue—that we make sure that we move forward in Haringey as quickly as possible. I understand that this is a difficult time, but the sooner that we get things moving forward effectively for the future, the better.

Ann Coffey (Stockport) (Lab): It is absolutely imperative that the supervision of children on child protection registers who live at home is improved. The Government have made a significant investment in children's centres, which provide a range of services to parents, including parenting orders and good-quality care. However, it is often difficult to get families whose children are on child protection registers into children's centres. A lot of them hide from the authorities; they do not want the authorities to see what goes on in their homes. Will the Secretary of State consider how children's centres can be used better to provide early intervention, better monitoring, better supervision and better protection of children at risk? Will he consider the use of compulsory orders in forthcoming legislation to enable that to happen?

Ed Balls: I appreciate my hon. Friend's suggestion, because she has great expertise not only as a Member of Parliament, but professionally, as a result of her previous career. I take seriously what she says. It is vital, in general, that children's centres play the role that we intend—ensuring that parents who need most help and the children at greatest risk come to the children's centres. I see many examples of that happening around the country, but it does not yet happen in every children's centre.

My hon. Friend has made an interesting proposal, which we will seriously consider. As she says, it is essential that at-risk and vulnerable children who are the subject of a child protection plan, and their parents, are regularly seen and that they are getting the support that they need. The children's centre is often the kind of place where such support can be provided. I take seriously what my hon. Friend has said; we will consider it carefully and may discuss it with her in further detail.

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): Order. A great many Members are interested in this statement. I make a plea for short questions and short answers, so that more can make a contribution.

Mr. Eric Pickles (Brentwood and Ongar) (Con): The Secretary of State is asking Lord Laming to consider three questions. I suggest that the most difficult of them is about how to strike the right balance in applying the process when children are taken into care. I am sure that the Secretary of State does not want to replace one inhumanity with another.

A few years ago, I had a heartbreaking case in which there was a forced adoption of a child who was at no physical risk. It happened because the social workers considered the child's parents to be stupid. I looked at the casework, which was riddled with inaccuracies and misinformation. It was clear to me that the principal motivation was to cover the social workers' backs in case something went wrong. Will the Secretary of State make sure that the balance is addressed precisely? Believe me, the admission a few years later that social workers might have overreacted in that case was no consolation.

Ed Balls: The hon. Gentleman is right. A balance must be struck with care to meet a clear legal test about the safety of the child. We have to appreciate the great difficulty of social workers around the country. As the hon. Gentleman said, the public debate in the past year has often been much more about too many children being subject to care orders; at the moment, the public debate is asking whether not enough children are.

I have asked Lord Laming to consider whether the balance is being struck correctly and whether the processes are enabling the proper test to be applied—that is, what is in the best interests of the child and their safety. However, we are not asking Lord Laming to tilt the balance in one direction or the other. We want to make sure that the legal process is properly applied, so that children are safe.

Mr. Ian Cawsey (Brigg and Goole) (Lab): My right hon. Friend has already referred to the growth in resources for this work, but will he look at that issue across the piece as he does his research and considers the report? I still talk to people working in children's services who say that the number of referrals is difficult to cope with. That adds to an already stressful job; we are seeing burn-out and people choosing to change career.

At the weekend, I spoke to a trainer of social workers who said that young social workers are increasingly wary of children's services as an area to move into. Can we consider resourcing, raising the esteem of the profession and ensuring that there is a new generation of health and social workers in children's services, to protect children not just now but in the future?

Ed Balls: My hon. Friend is right. We must do more to support the training and recruitment of social workers—particularly children's social workers, for whom the issues are often most acute and the publicity most intense. In my judgment, more cases will be coming through in the weeks to come because of the publicity that has rightly surrounded this tragedy. That will only add to the pressure.

We have the best generation of teachers that we have ever had. It is important that we ensure that we also have the best ever generation of social workers. That means ensuring that we bring that about through pay, support and training. We are considering the issue as part of the children's work force review. At the same time, as I said, when mistakes are made, there has to be proper accountability.

Angela Watkinson (Upminster) (Con): The Secretary of State will know that people who commit serious acts of abuse against children do so without witnesses and are clever at covering up the evidence. Is it known in how many, if any, of the 60 reported visits to the home of baby P, social workers were unable to gain access or were fobbed off with excuses that the child was not available because he was asleep or ill? Was social workers' right of access an issue or a contributory factor? Does that need to be looked at?

Ed Balls: The hon. Lady's wider point is absolutely right, but in this particular case the deception was based on co-operation; the mother, it seemed, co-operated fully with the authorities. There were many meetings, discussions and consultations. However, the evidence from those meetings was not seen or acted on. The deception was skilled in this case. More generally, it is important that our social workers follow through and make sure that meetings take place and are properly conducted.

Helen Southworth (Warrington, South) (Lab): As part of the extensive range of actions that my right hon. Friend is rightly taking in this awful case, will he consider the issue of safe places for children and make sure that every local authority has emergency accommodation available? In that way, a child who needs one can definitely be taken to a place of safety—at a foster carer's, if one is available, or elsewhere.

Ed Balls: In this case, one of our concerns is that the "safe place to be" procedure—a temporary placement with a family friend—was not done appropriately. More generally, my hon. Friend is absolutely right. Local authorities have an obligation to ensure that they have in place arrangements for emergency placements. I know that she is interested in the issue more widely and has led work on runaway children. However, in these particular cases, it is essential that arrangements are in place. As I said, we have concerns that in this case they were not effective and proper.

Robert Neill (Bromley and Chislehurst) (Con): The Secretary of State is right to stress the importance of political and managerial accountability. In the interests of ensuring that there are the clearest possible lines of accountability, will he assure the House that in all local authorities direct responsibility for front-line children's services is with the authority's director of children's services, rather than being shared in any other way with any other department?

Ed Balls: It is statutory under the Children Act 2004 that that responsibility is with the director of children's services, so I believe that I can give the hon. Gentleman that assurance.

Fiona Mactaggart (Slough) (Lab): Will the children's work force review ensure that everyone in contact with a vulnerable child—teacher, social worker or nursery worker—has really effective training in dealing with child abuse?

Ed Balls: That is one of the issues that was highlighted in the joint inspectors' report in July and again in the summary of that in the Ofsted report yesterday. It is essential that across the children's work force, including in schools, there is an understanding of how to spot the early signs and then how to act. We are not saying that teachers should become the social worker, any more than they should be the parent or the paediatrician, but it is important that there is proper training so that early signs are spotted and schools and other agencies know where to refer on their concerns. That is at the centre of the reforms to children's trusts that I announced earlier in the week. We must ensure that this is being thought about more generally right across the children's work force.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The Secretary of State said:

> "We must never forget that our first duty is to make sure that all children are safe and protected from harm."

He will be aware that there is an additional professional duty on paediatricians to put the child first. Given that an organised campaign is being waged against paediatricians who suspect parental abuse or factitious or induced illness, and who cannot answer back, will he look into what can be done through the Department of Health, and particularly the General Medical Council? Far too many of the GMC's judgments and sanctions are being overturned on appeal, and the damage to the morale of paediatricians and their willingness to engage in child protection work has already been done.

Ed Balls: In this particular case, as the hon. Gentleman will know, the GMC has taken action concerning the paediatrician involved because she did not spot a problem and no action was taken. More generally, there is concern that in this case health professionals spotted clear signs of non-accidental injury abuse, and then there was no action. It is important that we learn lessons from that, and Lord Laming will consider those issues.

On the hon. Gentleman's more general point, my right hon. Friend the Minister for Children, Young People and Families and I have been in discussion with the RCP over the past year, since the change of Department. We need to ensure that health professionals, including GPs, are very much at the centre of our thinking to ensure not only that children are safe but that their well-being is promoted. That is why primary care trusts are involved in the new children's trust arrangements and we will have a lead children's GP in every area.

Ms Sally Keeble (Northampton, North) (Lab): I very much welcome my right hon. Friend's statement. He referred to a stock-take of local safeguarding boards and serious case reviews, and the hon. Member for Yeovil (Mr. Laws) mentioned a partial stock-take that has already been undertaken. Will my right hon. Friend ensure that copies of all three reports—the two that are coming out and the one that is already done—are placed in the Library so that those of us who are concerned about this can see what the position is in our own local authority areas and take up any issues of concern with those authorities?

Ed Balls: I will do that. In fact, I spoke to the director of Ofsted only this morning. In the next few weeks, Ofsted will publish a detailed evaluation of serious case reviews, which will be made public. It will also detail the areas where there were serious case reviews that were judged to be inadequate. That inadequacy was sometimes about timing, sometimes about independence and sometimes about an insufficient focus on where the failure occurred. The inadequacy of those reviews is unacceptable, which is why we started the work over a month ago to look into that. I hope that the fact that Lord Laming is now taking forward our review on how we strengthen the process for serious case reviews in future will give assurance to the whole House that we are taking this very seriously.

Tony Baldry (Banbury) (Con): One of the tasks that the Secretary of State has given Lord Laming is the development of a professional work force. Will he make it clear that Lord Laming will welcome representations from social workers on how they think they can be more effective? Is it not important that the message goes out that this House does not in any way want to scapegoat social workers, and that we are in fact trying to ensure that they have the support they need to carry out what is often one of the most incredibly difficult jobs that society has to do?

Ed Balls: I understand that. It is important that we all make that point regularly from all parts of the House. This is a time when social workers around the country will be feeling very worried. As I said, many of them are doing very difficult jobs. We will ensure that Lord Laming considers that issue. Today he has made a call for evidence from experts, including those in the social work community. The children's work force plan that we have been drawing up for the past few months, which we will publish before the end of the year, has a particular focus on what we can do to strengthen support for social workers. It is important that we recognise the very difficult job they do and give them more support when there are problems.

Miss Anne Begg (Aberdeen, South) (Lab): Last week saw the publication of another very critical report on child protection services, focusing on the work being done at Aberdeen city council. That suggests that the problems we face reach across the whole country, even outwith my right hon. Friend's jurisdiction. The death of children obviously hits the headlines, but we know that hundreds, if not thousands, of children are living in very dysfunctional families that most of us would not survive in. The difficulty for social workers lies in making the judgment when they stop working with the family and leaving the child with them and when they take the child out of that family.

My question concerns the interpretation of the data protection legislation and whether that is acting as a hindrance to many people who raise concerns about a child but do not get any feedback from the authorities or statutory agencies because of data protection. That can also happen to MPs, who may find that they do not know whether their concern has been taken seriously or has disappeared into some kind of data protection black hole.

Ed Balls: How we properly follow up serious case reviews is important and urgent, and I have asked Lord Laming to investigate it. More generally, where concerns are expressed it is important that we as Members of Parliament know that they are being taken seriously case by case. I will ensure that as part of his work Lord Laming considers issues of data protection across the whole of the UK. If it is a barrier to proper progress on safety, we should look into it.

Mr. Michael Jack (Fylde) (Con): Children with severe learning difficulties are among the most vulnerable in our society. In the context of the wider inquiry into this matter, will the Secretary of State assure me that he will look to ensure that for teachers, who have child protection responsibilities, there are no barriers to immediate and rapid access to social workers and the police where they have suspicions of abuse?

Ed Balls: In my view, there should never be such barriers in any area, and if they are arising then action is urgently needed in order to ensure children's safety. There should never be barriers when a teacher has a concern for any child, and that is particularly true for a child with a severe physical or learning disability.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): The Children, Schools and Families Committee is undertaking an investigation into looked-after children. As part of that, we visited Denmark, partly because double the number of children per capita are taken into care there than in this country. In addition, there is another layer of the profession—they are known as pedagogues—that we do not have. As part of the work force review, will the Secretary of State undertake to examine the Denmark model in detail and hope to invest in that new profession and in the work force in general?

Ed Balls: We are not only looking into that possibility but intending to act on it and trial it in some areas of the country to see if it can work. I am grateful for my hon. Friend's call for urgent action. I am pleased that the Select Committee is looking into the wider issue in Denmark, and we look forward to its report.

As I said, my starting point is not that there should be a presumption that we should tilt the balance of child protection away from keeping children in the home and towards taking them into care. That is not the appropriate judgment to make at this time, and it is not a signal that I want to send. I want to know that in every case where the child's safety needs to be protected we are acting and there are no barriers in the way. I do not think that a starting point of wanting to take more children into care and away from their families is the right place to be at this time. However, we will wait to see the Committee's report and the work of Lord Laming before reaching final judgments.

John Hemming (Birmingham, Yardley) (LD): The Secretary of State will be aware that I have been concerned for some time that judgment in such cases has been wrong, and that the wrong children have been taken into care. In Haringey, at the important time for baby P, the authority was trying to reduce the number of children in care to a target figure of 365 by March 2007. That was a consequence of a revenue budget problem, which was why fewer care proceedings were initiated. I have identified a case in Haringey where two children were wrongly in care at the same time. The effect of having the wrong two children in care was that there was no space in care for baby P.

The Government, with all-party support, have improved accountability for process but done little about accountability for judgment, and it is that issue that has caused major problems. Will the Secretary of State, particularly in the light of Ofsted's report yesterday, which indicated that in the 17 months until August there were 282 serious case reviews—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman should now bring his question to a conclusion.

Ed Balls: We have discussed that issue with the hon. Gentleman many times, and we see no evidence for what he says. It would be quite wrong to distort judgments made about child safety for revenue or financial reasons.

More generally, I find it quite hard to understand this concept of the "wrong" children being taken into care when other children should have been instead. As far as I am concerned, if a child's safety is at risk and the thresholds are passed, the child should go into care—but only in such cases. In this case, it is clear that the home environment was chaotic and the family concerned did not take its responsibilities seriously in any way, but the idea that that is the only kind of family in which children are at risk or subject to abuse is completely wrong. I am afraid that in every area, at every level of income and in every walk of life, children are, at times, abused and maltreated, sometimes without that abuse having come to the attention of the authorities. Where there is evidence of abuse, action should be taken, whether they are the right or wrong kind of child in the hon. Gentleman's view.

Mr. Jamie Reed (Copeland) (Lab): I commend my right hon. Friend for the speed with which he instigated this investigation. It is the hope of everyone in this House that rapid action will follow just as quickly. Will he undertake to ensure that the lessons of the case are learned not only by chief executives of local authorities and directors of social services, but by councillors in charge of children's services, as well as chief constables and the chief executives of local health authorities throughout the country?

Ed Balls: It is my determination that we and they do so. I wrote to every director of children's services two days ago, saying that while Lord Laming is doing his work, they must satisfy themselves that they have the correct systems in place and that they are protecting children properly. The Ofsted report is coming up soon, and we will act on that. Through the children's trusts, we must ensure that every service—GPs, the police, schools and social workers—are doing what is necessary with parents to keep children safe. We must do so comprehensively in every part of the country, with every service properly involved, committed and accountable when things go wrong.

Alistair Burt (North-East Bedfordshire) (Con): I want to take the Secretary of State back to the issue of increasing fees for public care proceedings. I heard his earlier answer, and I appreciate that at present it is not possible to gauge the impact, but will he ensure that there is the widest possible monitoring of the situation, including by people such as local law societies and others outside the local authority network? My local law society raised the issue with me, and I suspect the same is true for a number of other hon. Members. The £40 million that has been allocated to local authorities is not ring-fenced, and it may not go very far when there is increased and heightened interest in the matter. Will he assure me that monitoring will ensure that the increase in fees has not had the impact that lawyers and others connected with children might have feared? The House will be very grateful if he can do so.

Ed Balls: I will do that. It is something that I, the Secretary of State for Justice and the Secretary of State for Communities and Local Government looked at in detail a year ago because we wanted to ensure that the wrong behavioural response did not occur. I am reassured by the words of the president of the Association of Directors of Children's Services, who says that she knows of no evidence of children being placed at risk as a result of these changes.

At the same time, I am concerned by the comments from the legal profession, and by the numbers that have been published. I take the matter very seriously, and I am asking Lord Laming to look at it—it is in the terms of reference set out in the letter on Monday. If we have to change the system to ensure that children are safe, we will. However, if councils are not doing the right thing because of legal fees, especially when the money was there, that would be a gross dereliction of duty.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. I am keen to allow everyone to make a contribution. Once again, I make a plea for short questions and answers because the main business is still to follow.

Mary Creagh (Wakefield) (Lab): The whole House shares in the sorrow, anger and revulsion of the country at the murder of this innocent child. I ask my right hon. Friend to ask Lord Laming to give us the numbers of children at risk who have not been allocated a social worker. May I also ask him to liaise with the Secretary of State for Health to ensure that no child ever leaves their 18-month development review with an undiagnosed broken spine?

Ed Balls: My hon. Friend is quite right, and I know that she has expertise in these matters. When such problems exist, they should be identified by the experts involved. She is right to make that point; it should be best practice, and common practice, everywhere. I will ask Lord Laming to ensure that as part of his wider work the facts are set out clearly in his report, and we will draw the right conclusions from those facts.

Mr. Peter Bone (Wellingborough) (Con): I thank the Secretary of State for the manner in which he made his statement, the way he has answered questions and for the action that he has taken. I am not clear on one point, however. The director of children's services from Hampshire has been put into Haringey. Is he in charge, or is he there to supplement what is going on?

Ed Balls: He is not in charge. He was seconded immediately at our instigation, with the agreement of Haringey, to work with the existing management of children's services to ensure that the proper procedures were in place and being applied case by case for children there. The accountability and responsibility of the management are as they have been, and the right thing for me to do is to wait for the inspector's report, which I will do. The reason for sending in Mr. Coughlan was to ensure that, in the mean time, we were assured that things were done properly.

Mrs. Ann Cryer (Keighley) (Lab): Does my right hon. Friend feel that enough is being done to encourage good people to offer themselves as adoptive or long-term foster parents? If more children went into that sort of care, it would reduce the possibility of social workers being pushed into the dreadful dilemma of having to choose between inappropriate natural parents or long-term care with a local authority.

Ed Balls: Last week was national adoption week, when we focused on encouraging foster and adoptive parents to come forward, with a particular focus on black and minority ethnic foster or adoptive parents. We try to pursue the matter continually, but is enough being done? Almost certainly not—we should do more.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): The House is rightly concerned about trying to ensure that similar tragedies do not occur in future, or that the risk is at least minimised. However, is the Secretary of State aware of whether the other cases dealt with by those involved in making the assessment in the tragic case of baby P are being reviewed? Given that their judgment was flawed in the case of baby P, is it possible that a similar judgment may have operated in other cases? That applies to the lawyers involved as well as the social workers.

Ed Balls: I should have explained earlier that a serious case review in a case such as this is finalised and published only at the end of the criminal legal case. It therefore took longer in the case that we are considering because it was necessary for it not to be published until the criminal case was completed. Throughout that process, there is an obligation on local management to act to implement reforms as they arise as part of the work of the serious case review. A plan of action was already in place before the publication of the report, and action has been taken. Two social workers and a paediatrician were suspended. I hope that any past cases were re-examined. John Coughlan is there to ensure that the inspectors are making sure that such things have happened. I do not have an answer to the hon. Gentleman's question today because the right thing for me to do is ensure that the national inspectors do their job properly. However, I would have thought that "properly" means ensuring that past checks were made.

Mr. David Chaytor (Bury, North) (Lab): Is it not the case that there are significant variations in the proportion of children at risk who are taken into care not only between the UK and other European countries, where outcomes have generally been better for many years, but between English local authorities? If there has been a move in the UK towards being more reluctant to put children in care, could that be because, for many years, our care settings and support for foster carers have been less than adequate? Will my right hon. Friend look exceptionally carefully at the recommendations of the Select Committee's report on the matter?

Ed Balls: I always look exceptionally carefully at any recommendations from the Select Committee. I have done so on other matters; a recent example is national testing.

Lord Laming's work will examine patterns throughout the country. We look forward to the Select Committee's work on the international comparisons and the lessons from Denmark, although we must be careful to compare like with like, given our different legal systems.

My hon. Friend is right to say that, as yesterday's Ofsted report on children's homes makes clear, the outcomes for looked-after children have not been good enough. That is why we have legislated, with cross-party support, through the Children and Young Persons Act 2008 to strengthen those arrangements substantially. However, as in the case of safeguarding, putting legislation in place is one thing, but the key thing to do next is ensure that it is comprehensively implemented in the best way in every part of the country. That is our challenge in the case of looked-after children, which we must tackle together.

Fisheries

1.22 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I beg to move,

That this House has considered the matter of fisheries.

I am pleased to open my first annual fisheries debate and to be opposite the hon. Member for Leominster (Bill Wiggin) again. We have faced each other in previous roles in the Wales Office, and it is good to do so again.

It is helpful that the debate takes place before the European Union's December Fisheries Council. It gives Members an opportunity to express views on behalf of their constituents and on the UK approach. It also allows me to highlight key issues from the past year, to look forward to future challenges, of which there are many, and to hear views on other issues of interest to fisheries and the marine environment.

The year 2009 will be important for the marine environment, not least because of the introduction of the marine Bill, as well as the consultation on the improvements that we would like to make to the common fisheries policy. Both are key to the challenge of maintaining sustainable fishing while enhancing the protection of the marine environment. A sustainable fisheries sector is essential for delivering the Government's vision of

"clean, safe, healthy, productive and biologically diverse oceans and seas".

It is right, at the beginning of the debate, to acknowledge that the sector faces genuine dangers every day. Some of those dangers are brought into people's living rooms when they watch television programmes such as "Trawlermen" and "Deadliest Catch", but they only scratch the surface of the challenges that our fishermen face every day. I am sad to report that seven fishermen lost their lives this year. Our hearts go out to the families who suffered those tragic losses.

Although it has been a difficult year for the fishing industry, with high fuel prices, especially during the summer, the fishing sector has continued to make a valuable contribution to our economy. Since 2006, UK landings of cod have declined by 7 per cent., those of haddock by 16 per cent. and those of herring by 17 per cent. However, landings of mackerel have increased by 30 per cent., those of nephrops by 8 per cent. and those of crabs by 11 per cent. The total value of landings of fish from UK vessels in 2007 was £645 million—an increase of 6 per cent. on 2006. That is largely a result of a rise in the value of shellfish landed, which is up by 15 per cent. on 2006. Exports of fish and fish products had a value of £922.7 million in 2007. The industry provides employment for 12,700 fishermen, and sea angling—an important sector—makes a significant contribution to the UK economy.

As well as providing jobs in local communities, fishing supplies us with food and is part of our heritage. It is socially and culturally important, for local communities and our island nation, and it provides recreation for many anglers. Managed effectively, fishing can be sustainable. However, if we get the balance wrong, we could threaten vulnerable species and cause irreversible damage to marine ecosystems and the resources on which everyone—from fishermen and sea anglers to consumers—depends.

Mr. Henry Bellingham (North-West Norfolk) (Con): Has the Minister estimated the multiplier effect of fishing jobs onshore for processing, packaging, engineering, shipbuilding and so on? Is the multiplier five or nearer 10? Does he have an estimated figure?

Huw Irranca-Davies: The hon. Gentleman makes a valuable point. The multiplier effect on communities inland through the producer chain is significant. If I gain some inspiration during the debate, perhaps the figure will spring to mind and I can give him the accurate figure, but it is not there at the moment. However, I will try to get back to him. He is right to say that the impact goes beyond the coastal communities.

We need to continue working towards a more sustainable approach that protects our marine habitats and species and ensures—to pick up on the hon. Gentleman's point—a viable and profitable future for our fishing industry and all the sectors that depend on it.

As the Prime Minister said on 5 November, we are continuing to prepare the marine Bill for introduction early in the fourth Session, and we do not intend to reduce its scope or coverage. The Bill is a groundbreaking measure, which will greatly improve the way in which we protect and manage our marine environment. It will help us to achieve a more sustainable future. It includes proposals for a new system of marine planning, better licensing for marine developments, improved protection for natural resources through marine conservation zones, and the creation of the marine management organisation, which will be the strategic delivery body for marine matters. We are now considering a shortlist of locations for the MMO headquarters and expect to announce a decision by the end of the year.

The Bill also includes proposals for modernising inshore fisheries management in England by replacing sea fisheries committees with inshore fisheries and conservation authorities—IFCAs. They will have a clear duty to ensure that exploitation of sea fisheries resources is undertaken sustainably, by taking account of the impact of fishing activity on marine ecosystems, along with other considerations. They will also be responsible for sensitive ecosystems, such as estuaries and sea bed habitats, and for enforcing designated marine conservation zones—MCZs.

I believe that management of the inshore area is best carried out by bodies with local knowledge. The IFCA model relies on local decision making to solve local problems. IFCAs will have members from local authorities and other key local stakeholder groups, as well as the marine management organisation, Natural England and the Environment Agency. They will have stronger enforcement powers than sea fisheries committees, and we are significantly increasing funding so that they can deliver their new responsibilities effectively.

Michael Jabez Foster (Hastings and Rye) (Lab): My hon. Friend refers to the suggestion that local people should make local decisions. Will that include the local fishing industry, including, for instance, the New Under Ten Fishermen's Association—or NUTFA—for the 10-metre groups, and will the industry be involved in the decision about quota division within the powers that he is proposing?

Huw Irranca-Davies: My hon. Friend is absolutely right that the local sea fisheries community and industry, such as his own in Hastings, must be part of the process. The issue of quotas is slightly different, however, and is tied up with the longer-term reform of quota management and the common fisheries policy. However, in respect of the marine Bill, a key part of local decision making on sustainable fishing in local areas is having the buy-in and the engagement of the sea fishing community. However, I will return to the issue of quota management and make some wider comments later.

Andrew George (St. Ives) (LD): In view of the Minister's plans for the management of inshore fisheries, can he reassure me and my constituents that the current geographical arrangements for sea fisheries committees will be respected? The boundaries are working well and do not need to be tampered with. Can he also reassure the House that the plans for the future management of inshore fisheries that he has described will chime in with the negotiations, which he is no doubt already engaged in, on the future of the CFP beyond 2012?

Huw Irranca-Davies: Yes on both counts. As the hon. Gentleman will know, there has already been a great deal of discussion and debate about the number and geographic spread of the new bodies and how they tie in with the existing bodies. I hear what he says. We have not reached a conclusion yet, but we are cognisant of the representations being made. We want to ensure that the way in which we localise the system means that we have the most effective structure. His comments about how that fits in with the wider reforms and the wider forward programme are absolutely right.

The proposal is not isolated, but fits into where we see the management not only of fisheries, but of sustainable fisheries and conservation, which are paramount, so the answer to the hon. Gentleman is yes on both counts. We will consult on the future number of IFCAs and their membership structure in the new year. I believe that the proposals will deliver strengthened inshore fisheries and environmental management, so that more effective action can be taken to conserve our marine ecosystems and achieve profitable and sustainable fisheries in the sector, which I know hon. Members in all parts of the House share an aspiration to deliver.

The inshore fleet is a vital part of the UK fishing industry. "Fisheries 2027" sets out a vision of sustainable access to fisheries for small-scale fishing vessels and recognises the value of the inshore fleet. The fleet faces a number of challenges. We have consulted on a package of measures that will constitute the first steps in moving the fleet on to a more sustainable footing. Our current proposals focus on targeted decommissioning to release quota back into the fleet, combined with proposals to cap effort and quota stocks at current levels.

I assure hon. Members in all parts of the House that, after listening to the consultation and the input of various hon. Members, I am prepared to take hard decisions now, to ensure that we can support the inshore fleet in becoming economically and environmentally sustainable in the long term. I am considering the responses to the consultation, including the contributions of hon. Members, and continue to meet representatives of the inshore fleet. I intend to announce my decision within the next few weeks.

Sir Alan Beith (Berwick-upon-Tweed) (LD): I hope that the Minister realises that some fishermen who had entered into commitments to buy replacement vessels are now finding that the licence quota brokers are increasing prices, and this at a time when the Department is advising people to take only licences with a substantial track record. That is making life pretty difficult for those fishermen who have so far borrowed money with difficulty for a commitment that is now being stretched even further.

Huw Irranca-Davies: The right hon. Gentleman makes a valuable point, which has also been made to us by stakeholders in the under-10 metre fleets and others, including hon. Members. We are cognisant of the issue. However, I stress again that some of the challenges that lie ahead in putting the inshore fleet on a sustainable footing—not only for the next 12 months, but the next two, five and 10 years, and longer hence—will need not only a considered view, but a definitive view on the shape, structure and size, in order to make things work. We all share the aspiration of providing the fleets around the entire UK coast—in Wales, where I live, England, Scotland and Northern Ireland—with an assurance that what we will put forward will ensure a profitable and sustainable livelihood for them and their families and also effect our commitment to a sustainable use of the seas.

Andrew George: I have been a consultee to the document that the Minister has cited, as have many of my constituents. There is enormous concern that he is proposing to apply the 300 kg limit on quota species in a very short reference period. Does he not recognise that the fact that many inshore fishermen target non-quota species when there are obvious difficulties with the prosecution of quota species has created a period for which the track record is not accurate? It will be very unfair on those fishermen if the Minister proceeds with his proposal.

Huw Irranca-Davies: Once again, the hon. Gentleman makes a strong point on behalf of his constituents, which has also been put forward as part of the consultation and in more recent dialogue with the under-10 metre fleet and other stakeholders. I am aware of those concerns and others, and although he is tempting me to bring a decision forward, I stress that I will try to make note of those concerns and offer a set of proposals that will balance conflicting views on the way forward for the under-10 metre fleet.

We continue to work closely with colleagues in the devolved Administrations, including on wider quota management and enforcement issues, to ensure both that we have the best arrangements in place for all parts of the fleet in all regions of the UK and that the UK can continue to meet its obligations to Europe.

As we develop and implement our fisheries policy, we will also take more account of the needs of recreational sea anglers. Next week we will publish a summary of responses to our consultation on the draft recreational sea angling strategy for England. The strategy provides a framework and measures for the development and enhancement of sea angling. We are currently revising the strategy with key stakeholders and I will launch it early in the new year.

Let me turn to the important issue of the upcoming review of the common fisheries policy. The review offers an opportunity to deliver improvements in the management of European fisheries. I want the UK to play a key role in shaping the reform agenda. The CFP needs a stronger focus on delivering outcomes that secure both the conservation of fish stocks and long-term economic viability for fishermen and the associated industries. We need a more stable regulatory framework, with more emphasis on long-term management planning and better stakeholder involvement. We support moving away from a one-size-fits-all approach, with stronger regional management. At the same time, we want to establish principles to ensure a consistent approach across the European Union. I welcome hon. Members' views on how we should seek to change the CFP.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Turning the regional advisory committees into regional management committees is the obvious outcome that would deliver that stakeholder involvement, in the context of much longer-term strategic management of the seas by those affected. What is the Minister's reading of the thinking in Europe and in the European Commission on building up regional advisory committees' strength?

Huw Irranca-Davies: I thank the hon. Gentleman for that helpful intervention. As he will know, we are among the most supportive of the role and the potential role of the RACs. I recently spoke at the meeting of the North Sea RAC. The contribution that RACs can make to the sort of reforms that we are taking forward is singularly impressive. I also know that they are aware of our support, among that of other EU nations, and of the growing strength of bodies such as the North Sea RAC, which I single out at the moment. As the hon. Gentleman says, we think that there is immense potential for them to play a major part in a regionalised strategy. We have some way to go, but we are making inroads into persuading fellow Europeans of the same approach. I welcome the support of the hon. Gentleman and others in following that trajectory.

Common fisheries policy reform is working towards achieving long-term sustainability. The European fisheries fund is a key tool that is available now to secure a sustainable and profitable future for the UK fishing industry. I am very pleased that the Commission has approved the UK operational programme and that the scheme is up and running. The EFF now provides more than £100 million for UK fisheries to improve sustainability and provide marketing and technology to help the fleet adapt. We are working closely with the industry to make best use of EFF to benefit fisheries across the whole of the UK.

Our dependency on imports of fish is growing. In the EU, we import about two thirds of all the fish we eat and up to 90 per cent. of white fish, so we have a responsibility to ensure the sustainability of global fisheries. At the forefront is the fight against illegal fishing, which is a major threat to the sustainable management of global fish stocks, to marine biodiversity and to the livelihoods and security of coastal communities, particularly in developing countries. The UK has long taken an international lead in combating illegal fishing.

With strong UK support, the EU has recently introduced new measures to address the incentives and poor governance that drive IUU—illegal, unreported and unregulated—fishing and to help prevent illegally caught fish from entering the EU market. The new rules, which come into force with UK support in 2010, will require action from both importers here and third-country exporters.

[Huw Irranca-Davies]

We are working closely with the European Commission, other Government Departments and our own industry to ensure that the new rules are effective and enforceable.

The major event coming up is, of course, the December EU Fisheries Council, where next year's catch levels and other management controls for a wide range of commercial fish species will be decided. We will, as usual, be guided by the scientific advice, but we also need to take account of the impact on the social and economic viability of the fishing industry. We will aim for a framework that provides long-term stability in the fleet.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): How confident is the Minister that the scientific evidence that he is given reflects the level of stocks out there at sea?

Huw Irranca-Davies: Some of the negotiations with Commissioner Joe Borg and others have reflected what is sometimes described by our stakeholders as a gap between the scientific evidence and what they observe. There are always at least two sides to the story—and sometimes more. We are sometimes told that we could walk across the North sea on cod, but cod stocks are still very fragile. Our arguments are based on the evidence from the International Council for the Exploration of the Sea, but they reflect not only the science, but what we are told by our own fishermen as well.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I caution the Minister about paying too close attention to people who think they can walk across the North sea—whether it be on cod or otherwise—as they may not provide the most reliable source of advice. I want to press the Minister on the question of science. His predecessor, to whom I would like to pay tribute, visited Shetland in the summer and acknowledged that it was unacceptable to be relying on science that is effectively two years old. That is how old the raw data are before they come before the Commission or the Council for decision. Will the Minister carry on the work that his predecessor undertook to start in finding a quick and dirty analysis of the scientific evidence so that it more accurately reflects the position as it stands today?

Huw Irranca-Davies: Yes, indeed. Because of this time lag that affects even the most accurate and comprehensive scientific data, we certainly need to find ways to work on the evidence that we know exists out there in the fisheries; we need a quick and dirty method of achieving that. Officials are engaged in that process. The UK is very advanced in its scientific evidence: England has its Centre for Environment, Fisheries and Aquaculture Science and Scottish colleagues also have a very good scientific base. As to the hon. Gentleman's point about walking across the North sea on cod, I was recently reading a fantastic history book on fisheries, in which it was said that back in the 15th century, it was possible to go into the rivers of Newfoundland, pitch an axe into the sea and it would stand upright because of the density of fish. We sometimes take that as the fishermen's tale. As I said to the hon. Member for Scarborough and Whitby (Mr. Goodwill), our actions will be based not only on the best scientific evidence, but also on what we are seeing.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): In respect of cod discards, many MPs were fortunate enough yesterday to receive a briefing from the fishermen federations. One question raised, to which no concrete answer was given, was about the level of our cod discards. An anecdote was mentioned about a fishing trip that dumped 300 boxes of cod. Does the Minister have an idea of the tonnage of the boxes of cod discards in UK waters by UK boats over the last year?

Huw Irranca-Davies: I will try to provide an accurate answer later rather than mislead the hon. Gentleman now. I am seeking some inspiration, but I will come back to him on that. Discards is an important issue and the people most concerned about the problem are actually the fishermen themselves, who absolutely abhor the idea of having to throw dead fish back into the sea. Equally, the housewife or house husband going through the supermarket does not like the idea—they are much more aware of it nowadays—that their fisheries could be predicated on the idea of throwing dead fish back. That issue has been the thrust of our negotiations, and I believe that we making some ground.

Mr. Alan Reid (Argyll and Bute) (LD) *rose*—

Huw Irranca-Davies: I will take one final intervention, but then I have to make some progress, as so many Members want to speak.

Mr. Reid: I am grateful. Is the Minister aware of the concerns of the west of Scotland nephrops fleet—that it might be forced to use a Swedish grid, which it says is incompatible with the vessels and gear that it uses? It believes that the introduction of that grid, which has not been properly tested, would devastate the industry. Is the Minister aware of that, and will he consider the alternative proposal made by the west coast nephrops fleet of increasing the square mesh panels up to 160 mm?

Huw Irranca-Davies: The hon. Gentleman helpfully gives me the opportunity to provide some of the detail of progress in the negotiations. Yes, I am aware of the problem and we are discussing possible solutions with the fleet. It is a critical and difficult issue, so I do not want to raise expectations about what can be delivered, but we need to assure the fishing fleet that we will work with it and look into the available alternatives in order to find an answer. As I say, this is one of the most difficult areas of the negotiations, and let me try to explain why briefly.

I have talked about our relationships with the devolved Administrations, who are key to our progress in the negotiations. I am currently working with my Fisheries Minister colleagues to ensure we maximise the UK's influence on these key negotiations and speak with one voice. We have already identified and agreed priorities with all the relevant stakeholders and I discussed them with Commissioner Borg earlier this week before the negotiations began. He was left in no doubt about the importance of the issues, including the one raised by the hon. Gentleman a few moments ago, to the UK and he knows that we are looking for changes to the Commission's proposals to reflect our views.

I would like to congratulate the Commissioner and the presidency on the very successful conclusion to the first stage of the negotiations at the November Council yesterday—although we have more to do. The issues include North sea cod and whiting; cod recovery; nephrops and west of Scotland white fish—the main headline priorities—and we have already made some progress on all of them. For example, at yesterday's Fisheries Council, we reached agreement on a revised cod recovery plan.

I recognise that the cod recovery plan is a big and significant ask for the UK industry, but it should significantly improve the prospects for the long-term sustainability of cod stocks and the likelihood of substantially increased future fishing opportunities. This also gives us a good basis for seeking a more realistic allowance for catching North sea cod for next year. That will be decided as part of the European Union negotiations with Norway next week.

What we all want to see—what I want to see—is more cod landed and sold, and fewer caught and thrown away: more landed, fewer killed. We are committed to taking more action to tackle wasteful discards, because no one, least of all our fishermen, wants to see widespread discard in a fish species. We are devoting significant resources, including the expertise of scientists and gear technologists, to help fishermen to deal with the problem.

Mr. Carmichael: The Minister is approaching the nub of the matter. One of the original Commission proposals was for what was effectively a trade-off between reduced effort and increased landings. Such action is generally considered counter-productive, and would not survive a cost-benefit analysis. What progress did he make on that specific issue yesterday?

Huw Irranca-Davies: What we hope we achieved in yesterday's negotiations, and will develop during the December Council, is the provision of incentives for fishermen to employ intelligent methods of cod avoidance that will be rewarded by additional days at sea. That constitutes significant progress on the part of the Commission, and is an improvement on the relatively crude measures involving simply a reduction of effort, or days at sea. As soon as we emerged from the negotiations, I spoke to fishermen's representatives from Scotland, England, Wales and Northern Ireland. They realise that this is a big ask, but, although it requires a fundamental change in their style of fishing, it will deliver rewards to those who use proper cod avoidance measures.

Mr. MacNeil: Will the Minister give way?

Huw Irranca-Davies: Very briefly.

Mr. MacNeil: Would not one of those crude methods be any method that damaged or reduced the west coast Scottish langoustine and prawn TAC? Why should we introduce cod recovery or cod protection schemes when it is clear that other methods could be used which, while not damaging that important fishery, would also do something to help stocks of cod and associated species?

Huw Irranca-Davies: I should be happy to discuss that and, perhaps, other ideas with the hon. Gentleman after the debate. There is certainly more to be done, and we need to explore all the possible options.

Andrew George: Will the Minister give way?

Huw Irranca-Davies: I shall continue for a moment, if I may.

The west of Scotland white fish position is particularly difficult. We need to be realistic about it, and tell the truth about it to our fishing fleets. There are poorer scientific predictions for cod, haddock and whiting this year. However, we do not believe that blunt cuts in the respective TACs are the answer. We will be arguing for more appropriate management measures, along the lines of those that we are suggesting in the North sea under the cod recovery plan. They would include closures where and when needed, and the use of more selective gear. They will be developed with the industry, whose buy-in will be essential to the success of any initiative. I plan to visit the area next week—I know that Ministers in the Scottish Executive are doing the same—to meet the fishermen concerned and explore the potential for such solutions at first hand.

Nephrops, which was mentioned earlier, is a very valuable stock for the UK and for the fishermen who rely on it. It provides an important outlet for fishermen to reduce fishing pressure on cod and other vulnerable species. In some areas, such as the Irish sea—the Irish delegation was with us throughout the negotiations—it is a mainstay for the local industry. We will therefore resist unreasonable cuts in the TAC. We are considering other potential priorities in the light of the Commission's recently released proposals, and I should welcome views on what those should be.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): The Minister is being extremely generous in giving way to Members in all parts of the House.

On the east coast of Scotland, off Berwickshire in my constituency, there is great concern about the proposals relating to nephrops. A particularly bad year of untypical weather has imposed huge additional costs on the fleet in the form of higher fuel bills, and the proposed cut bears no relation to what it believes to be the sustainability of the nephrops stock. Will the Minister assure us that he will not accept the current proposals? Given that the approach to the science is under review, should we not in the meantime maintain our present quota and effort arrangements?

Huw Irranca-Davies: I can assure the hon. Gentleman and the east coast fishermen whom he represents that we will continue to resist proposals that would have a significant impact on them. We have to work with the science, and we acknowledge what has been said about the time lag in relation to it and to observation of what is actually going on. I do not want to deploy all my cards now. However, I hope that the success we have achieved in the current round of negotiations, and the willingness of Commissioner Joe Borg and his officials to listen to well-argued views on the way forward for various areas of our waters, will continue to be reflected in the ongoing discussions, and I have no reason to doubt that they will be.

Mr. MacNeil *rose*—

Andrew George *rose*—

Sir Menzies Campbell (North-East Fife) (LD) *rose*—

Huw Irranca-Davies: I must move on, I am afraid, but I will give way briefly to the right hon. and learned Member for North-East Fife (Sir Menzies Campbell).

Sir Menzies Campbell: I am grateful to the Minister. A good many constituency interests are represented here today, and he is being most generous. As the subject of the east coast of Scotland has been raised, may I draw to his attention—perhaps unnecessarily—the village-based fishing industry in Pittenweem in my constituency, which is based substantially on nephrops? Will he take account of not only the effect of some reduction in what is available to be caught, but the effect of displacement of effort if other fisheries elsewhere are curtailed? There is real anxiety among those who fish in Pittenweem that they may find themselves subject to—if the Minister will forgive the inelegance of the phrase—something of a double whammy.

Huw Irranca-Davies: I note what the right hon. and learned Gentleman has said on behalf of his constituents, and will factor it into my deliberations.

Mr. MacNeil *rose*—

Andrew George *rose*—

Huw Irranca-Davies: I must make progress, or I shall annoy you, Madam Deputy Speaker.

Ultimately, in my view, the UK Government's role is to be at the forefront of the agenda on the marine environment and sustainable fisheries. I am pleased to be leading the delegation in December. I recognise that the decisions that we make then will directly affect the livelihoods of fishermen and fishing communities, as well as the marine environment. I do not underestimate the challenge of the negotiations, but I want to work with all concerned for a package that is fair to the UK, safeguards fish stocks, maintains a sustainable fishing industry and protects the marine environment, not just for the next year but in the long term.

1.57 pm

Bill Wiggin (Leominster) (Con): I pay tribute to all who have lost their lives in the fishing industry over the past year. We should never take the seafood and fish on our plates for granted, and we should not forget the dangers that our brave fishermen face every day in the seas and oceans to bring us that vital food source.

I welcome the new Minister to his post and to his first annual fisheries debate. He is the third Minister I have faced across the Dispatch Box in the past three years. We have a new Minister in a reformed Department, with some of its climate change responsibilities removed, so now is the right time for some much needed and long-overdue fresh thinking and decisive action on behalf of fisheries.

The Minister has just returned from negotiations in Brussels. I recognise that the parliamentary time available for this important debate is limited, but it would have been helpful to Members to have had a little more time in which to digest the decisions that have been made in the past couple of days and to consider the decisions that will be made next week in the second round of the EU-Norway negotiations.

The revisions of the cod recovery plan that were decided yesterday are an encouraging step in the right direction. Shifting the focus away from Brussels and towards local solutions to reduce cod mortality by 25 per cent. is good for the industry and the environment. We have seen in Scotland the progress that can be made by taking a more flexible approach that rewards fishermen. I urge the Minister, when he returns to Brussels in four weeks' time, to set the 2009 quotas for our fishing fleet and to press for more flexibility in the common fisheries policy and for quota levels and days at sea that reflect that.

We have to ask the Minister what side of the argument he will favour. Does he accept the scientific advice presented by ICES—the very same advice that has called for zero catches of cod west of Scotland and in the North sea and has labelled the cod recovery plan as

> "not consistent with the precautionary approach"?

Or does he agree with the fishermen who, in relation to some stocks, have disagreed not only with ICES, but with the recommendations made by the Commission? Does he agree with the case advanced by the Scottish Fishermen's Federation that the Commission's proposals for langoustine nephrops could jeopardise catches worth £65 million to the industry and that new proposals are needed? Or will he accept the Commission's recommendations?

There are so many conflicts between the Commission's proposals, the views of the scientists it relies upon and the experiences and views of our fishermen on the stocks that they see. These will remain unresolved until some progress is made on understanding what is in our seas. The Commission is calling for a 25 per cent. cut to cod quota, but over the past three years, vast quantities of cod have been discarded. According to the Government's own figures, between 2005 and 2007 almost 5 million cod were discarded by English and Welsh vessels in the North sea and a further 10 million from Scottish vessels. Annual discard rates have ranged from 40.6 per cent. to 83.6 per cent.—that is over four times more fish thrown back dead than landed. I will comment more on discards later if I may, but it is difficult for the Commission and the Government to tell our fishermen to take further cuts in quota while, at the same time, the crazy rules that they have laid down are forcing fishermen to discard thousands of tonnes of fish each year.

As I said, the revised cod recovery plan is encouraging. Strong accurate and reliable scientific advice that is trusted by the fishing industry is needed now more than ever before.

Mr. Andrew Pelling (Croydon, Central) (Ind): I hope that I have chosen an opportune time to intervene. In this culture of waste in which cod and other fish are thrown away, does my hon. Friend feel that many of the skills in the fishing industry on land in terms of quality control can be easily lost? I represent an urban seat where local purveyors of fish and chips are saying that they are concerned about the quality of fish that is arriving. McDermott's, an important provider of fish and chips in my constituency, finds that the loss of quality-control skills may be linked to the culture of waste within the system.

Bill Wiggin: My hon. Friend makes an important point about the depth of feeling about the tragedy of discarding. No matter where one lives in the UK, one is never more than 70 miles from the sea. We all want to see a sustainable future not just for our fish stocks, but for our fishermen and for the people who work in related industries, be they fishmongers or fish and chip shop owners. Everybody needs that sustainable future. I do not believe for a second that we will be able to deliver a sustainable future if we throw vast quantities of valuable fish back into the sea. That is why I urge the Minister to think carefully about the quality of the science, because it cannot be right to disagree with the fishermen and with the scientists. Being somewhere in the middle can never be correct. That was the answer the Minister gave when he was asked about dealing with the ICES recommendations.

Huw Irranca-Davies: We can be quite categoric that although we are always led by the science, as has been observed by hon. Members, there are time lag issues with science and real-time observations. In fact, we have some innovative ways of analysing in real time what is coming into the nets. We will be led by that and we have some expert advice in DEFRA, the Scottish Executive and elsewhere. That is the point we will argue. We must act in the best interests of a sustainable marine environment, but take into account the livelihoods of the fishermen as well.

Bill Wiggin: I am glad that the Minister intervened at that point because that was not what I understood him to say earlier, which was that he was going to accept that there were limitations on the science and that he was going to take into consideration the needs of the entire fishing community. There must not be incompatibility and that is the problem we face at the moment. This is the only area where I believe DEFRA ignores the principle that everything should be based on science.

Mr. Carmichael: May I caution the hon. Gentleman against setting up some false conflict between the fishing industry and the scientists, because I do not think that the fishing industry would thank him for that? Does he accept that the problem with fisheries science is not that it is necessarily wrong, but that it is very often old because it is based on data that are two years out of date by the time it is put into use? Rather than setting fishermen against scientists, is not the real challenge to establish the better involvement of fishermen in the scientific process and to get an earlier analysis of the raw data?

Bill Wiggin: The hon. Gentleman is right but it does not really matter if the data are old and therefore incorrect. It is the recommendations that come from the data that affect our constituents and the fishermen. If the data that the recommendations are based on are out of date or incorrect, we need to improve the scientific delivery of that recommendation that leads to the quota suggestion made by the Commission. We have to get the science up to date so that there is no dispute.

I do not agree that the fishermen think that ICES is doing a great job. They do not. There are genuine concerns about the quality of the data that come through to the European Commission, on which the Commission bases its total allowable catch recommendations. That needs to be tightened up.

We have seen cuts to the Government's budget on fisheries research. During the fisheries debate last year, I questioned the then Fisheries Minister, the hon. Member for Chatham and Aylesford (Jonathan Shaw), about the plans to reduce the budget for CEFAS. At that time, the Government had appeared to confirm that CEFAS would receive £30.9 million for 2008-09, falling to £28.8 million by 2012-13—a cut of £2.1 million or almost 7 per cent. When we presented these figures, the then Minister rose to intervene and proudly defended the Government's cuts, explaining that the Government thought it

> "essential that science has long-term stability"

and that they had

> "agreed 10 years of funding for CEFAS".

He added that his Department had worked hard with

> "our scientists at CEFAS to ensure that there is long-term sustainability for all the important work that they will undertake—rather than things being decided year by year".—[*Official Report*, 6 December 2007; Vol. 468, c. 1037.]

That is all well and good, but just three months later, in a written answer, the then Minister confirmed that CEFAS faced further cuts, with its budget for 2008-09 being slashed by a further £1.2 million to £29.7 million. He went on to say that subsequent years were still "subject to approval." Perhaps the new Minister would like to intervene to let us know if there has been a further change in CEFAS funding. The truth is that, within just three months, not only was CEFAS's budget slashed, but the Government's promises for providing long-term sustainability for fisheries science were left in tatters.

Accurate science and understanding of our fish stocks are lacking and nowhere is this more evident than the assessment of the 47 finfish stocks of most interest to the UK.

Michael Jabez Foster: It is of course very important that there is certainty in funding for the future. Will the hon. Gentleman make it clear that, should a Conservative Government come to power and make the cuts being promised at the moment, the fisheries budget will be protected?

Bill Wiggin: There will be no spending commitments from me at any time; I have my Whip listening. However, the hon. Gentleman's point is critical. I hope that one of our top priorities will be to defend the scientific nature of fisheries research. Until we can do that, it will be extremely difficult for any Minister of any party to go to Europe and argue with certainty that the scientists are right. We have to put the work in and make sure that they are funded properly. I cannot say more than that because obviously I do not know what sort of budget we will inherit, but I agree that we need to think seriously about it, as a Conservative Government are very likely to take office—I certainly hope so, anyway.

Huw Irranca-Davies: The hon. Gentleman expresses his hopes and aspirations for what might be a priority within a Conservative Government, when or however that might come about. He is right that the 2008-09 budget for CEFAS has been reduced from £30.92 million to £29.72 million, but I caution him against overstressing what he describes as a slash in the budget. We have managed the budget with CEFAS, which has continued its expertise in science with the security of a 10-year commitment, which I am sure a future Conservative Government at any time would honour.

Bill Wiggin: I think the hon. Gentleman is wrong about that commitment, because I have a copy of the written answer saying that subsequent years are still subject to approval. I hope that he is right, however. I think that Members across the House agree that the science is worth having and protecting, and we will need to make sure it is funded properly. When, as I hope, the Conservatives win the next general election, we will start to make sure that the cupboard is no longer as bare as I suspect it will be at that time. I will save my criticisms of that until Monday, however, when we will have the chance to talk about the pre-Budget report.

Returning to the importance of CEFAS, in 2006 we were informed by Ministers that there were 16 finfish stocks for which no assessment of safe biological limits had been made. By last year, the number had increased to 18. It is difficult for Ministers and the EU to make policies affecting fishermen, whose livelihoods depend on these fish stocks, when the science is so uncertain. The same assessments have also concluded that between 2006 and 2007, the number of stocks outside the safe biological limits increased from 13 to 14 and that the number of stocks within safe biological limits has fallen by one third, from 12 in 2006 to nine in 2007 and eight in 2008. Those are worrying figures. The Government must work with their European counterparts, scientists and fishermen to ensure that we have a more comprehensive understanding of the state of our stocks.

On ICES and the production of scientific advice, we know that there is a time lag between the data used by the scientists being collected and the current state of the stocks that the fishermen see, but there are other question marks over the methodology used. An ongoing priority for the Minister must therefore be to improve the scientific understanding we have of the state of our fish stocks.

One of the most important factors that distort our understanding of fish stocks is discards and the horrendous levels of discarding that plague our seas. Millions of tonnes of healthy fish—much of it edible and the remainder suitable for fishmeal—are being thrown back into the sea dead. Fish that could have ended up on a plate, contributing to achieving the recommendation to eat two fish portions a week, are of no economic or environmental value when discarded; and, if not caught by commercial fishermen, that fish could have helped to repopulate stocks or have been caught by recreational sea anglers. The effects of discarding and high-grading severely restrict our knowledge of the state of fish stocks, catch compositions, the presence of spawning grounds and the numbers of juvenile fish. The EU estimates that in the North sea, 40 to 60 per cent. of all fish caught by trawlers is discarded.

The UK Government have estimated discards of a number of stocks, and the figures are shocking. The discard rate for North sea plaice last year was 74.7 per cent.—more than 1.1 million fish. For haddock, the figures were 72.9 per cent. discarded from Scottish-registered vessels and 38 per cent. from English and Welsh vessels—more than 50 million fish. For west of Scotland cod, the discard rate from Scottish-registered vessels was 89.8 per cent.—up from 62.3 per cent. from 2005, just a couple of years earlier.

In mixed fisheries, such as those surrounding our shores, however targeted the technology, there will always be an element of unwanted by-catch, but present levels of waste are utterly insane. A clear and concerted effort is needed from the Government, the European Commission, scientists and the fishing industry to work together to rid our seas of this terrible waste. If discarding is tackled, we may be in a position to catch less fish but to land more, which would be beneficial to the environment and fishermen alike.

The revisions to the cod recovery plan are a positive step to reduce cod discarding, but more needs to be done. Unfortunately, the Government have very little policy or strategy to rid our seas of discard. The Government's approach has been merely to have the aspiration to "minimise" discarding within the next 20 years. That was revealed in the summary of responses to the consultation on the marine "Fisheries 2027" vision document and requests that action be taken to end discarding. The view of the Department for Environment, Food and Rural Affairs is clear:

> "The draft vision aims to minimise, rather than eliminate, discards."

That lack of political will from the Government is astonishing when we consider the repulsion everyone feels for that immoral practice.

Last year, the EU made a welcome commitment to reduce unwanted by-catches and end discarding on a fishery-by-fishery basis. By tackling discards, our fishing industry would be able to land more fish than it does at present, while at the same time catching less fish and ensuring that stocks are flourishing in a sustainable manner.

Mr. Goodwill: Does my hon. Friend agree that more needs to be done to encourage fishermen to use new net technology such as the eliminator net, which can eliminate a lot of discards?

Bill Wiggin: Absolutely. The eliminator net has recently been rechristened the Ruhl net after the fisherman who invented it. However, constructive incentives and encouragement are needed to enable fishermen to change their gear. At present, that does not happen. Fishermen must have incentives to upgrade to fishing gears that are more sustainable and catch target species more effectively. Scientists and decision makers must have the knowledge and understanding to set realistic quotas, and catch composition and by-catch limits that are representative of the state of stocks in our seas.

With fuel prices peaking as high as they did earlier this year, it is essential that our fishermen are able to make the most of the time they spend at sea. On these matters, where the Government lack vision and ambition, it is the Conservative party that has the commitment and determination to end discarding and to support our fishermen and the marine environment.

Fishermen in the 10-metre and under fleet feel the full effects of discarding and would welcome any opportunity to land more of their catch. In the past two years, they have been hit particularly hard by the Government's dithering and incompetent mismanagement of our fisheries. Having been allocated just 2 to 3 per cent. of the UK's annual quota—*[Interruption.]* I see the Minister laughing at that, but that is the way it has been, and I sincerely hope he will change it; he has all our hopes resting on his shoulders. Having been allocated just 2 to 3 per cent. of the UK's annual quota for around three-quarters of all vessels, they have had to live day by day, leasing quota and depending on the

Government's quota swaps and donations from producer organisations. For almost two years, they have suffered from being allocated an insufficient amount of quota for their needs.

Instead of developing and growing the inshore sector, as the "Net benefits" report recommended almost five years ago, the Government have left thousands of fishermen and their families facing an uncertain future. The "Fisheries 2027" document describes the situation in 2027:

> "Access to fisheries continues to be available to small-scale fishing vessels, even if in some cases that is not the most economically efficient way of harvesting the resource."

However, unless the Government take action now—they have had two years to think about what to do—there may not be many small fishing vessels left in 2027.

Huw Irranca-Davies: The hon. Gentleman rightly raises the important subject of the under-10 metre fleet, which I shall return to in my closing remarks. Is he proposing that we take a significant chunk of quota from the offshore fleet and give it to the under-10 metre fleet, and has he discussed that proposal with the over-10 metre fleet?

Bill Wiggin: The hon. Gentleman will have to wait until the end of my speech to get the full answer to that, but let me tell him this—*[Interruption.]* I am coming to it. There are opportunities to reallocate quota that do not necessarily cost the Government, such as The Hague convention quota, which last year we saw allocated to the over-10 metre fleet. If I were part of the under-10 metre fleet, I would want any quota addition.

We must not forget that the under-10 metre fleet has found itself with this shortage of quota because of changes brought in by this Government. It is not right to throw the under-10 metres fleet to one side simply because it is a difficult challenge. If we are going to reallocate quota, we must recognise that quota is property and therefore any reallocation must—*[Interruption.]* I am answering the Minister's question; I do not need him to help me. If we are going to deal with this problem, we must make sure we recognise the value of quota to the people who own it, but we must also recognise that a lot of quota is not used. More can be done, therefore, and every time we ask about what more the Government can do on alternative quota allocation, the first thing they say is, "We're doing a lot already." It is not working.

I recommend that the Minister speaks to the New Under Ten Fishermen's Association—*[Interruption.]* Good; I am glad that he has spoken to it, because it has a lot of ideas that would help him. It is not right at this stage to say to anyone owning any property that a Government will take it away, but it is right that the Government look at what can be done to make sure that the under-10 metre fleet get a fairer chance. For instance, we would like the discard pilot policies to be applied to the under-10 metre fleet. This would allow it to land more of the catch, and potentially go over quota, but with EU permission. That would make it wealthier, because it would be able to get more money for what it caught and it would mean there was less discarding.

Huw Irranca-Davies: The hon. Gentleman has put on the table one interesting proposal—the exercise of The Hague preference. It is used to examine the economically vulnerable activities of some of our communities, including the under-10 metre fleet, but it may also be applicable to other parts of our fisheries that are under pressure. He is representing the views of that fleet, and I have recently met both that fleet and Members of Parliament who advocate its views. One of their key arguments is that it is disadvantaged because it has lost out historically to the over-10 metre fleet, and it wants that to be redressed by quota being pulled back from the over-10 metre fleet. Will he make it clear whether he sees pulling quota away from that fleet and giving it to the under-10 metre fleet as an option? I would be interested to hear his answer.

Bill Wiggin: Unless there is an increase in quota, the distribution of quota must be a financially agreed decision. One of the problems that the under-10 metre fleet faces is that it simply cannot afford to buy or rent the quota that it needs. I do not see how that can be solved with a magic wand, so the Minister will need to negotiate on it. This depends on the price of fuel and the price of fish, and on what quota is available, but plenty of under-10 metre fleet fishermen feel aggrieved when what they call "slipper skippers" sit at home renting out their quota while they are throwing perfectly valuable and commercially useful fish back into the sea. My plea to the Minister is to take this matter seriously. I am delighted that he has already met the New Under Ten Fishermen's Association and that he continues to work on the issue, because it will not go away and it is extremely important.

Michael Jabez Foster: The hon. Gentleman referred to the fact that quota is property in the ownership of the over-10 metre fleet. I understand from my constituents that it was always given to them. It may have acquired a value since, rather like carbon credits have, but is not the answer that this belongs to the nation? Thus, there is no reason why we should not take the nation's property and distribute it in the fairest and most reasonable way possible. Why does he insist that it is property and, therefore, should not be subject to appropriation?

Bill Wiggin: That is not a particularly difficult question. When people live off a set of rules, which a quota essentially is, if one takes away their ability to earn a living, one should compensate them. There is a question as to whether or not that is feasible, and the Minister must deliver on that challenge. That partly relates to what we are allowed to do with the money within the fishing industry. The challenge is a difficult one for him, which is why I am pressing him to do what he can for the under-10 metre fleet. Obviously, as things change, we hope that the opportunity to do more for the under-10 metre fleet will increase. A lot could be done, and I have touched on one or two suggestions. This is by no means an easy thing to solve, but it is important, because the arrangements are disproportionately skewed against the smaller fishermen, who are largely constrained by the weather rather than by the size of their vessels' engines or the type of fishing that they do.

Sir Robert Smith: There is an important lesson to be learned from Scotland. The Scottish Executive tried to change the rules on quota, but, overnight, they took away from fishermen the value that they could borrow against to run their fleet. It is very important that no damage is done to the industry by undermining the value of quota.

Bill Wiggin: That is absolutely right. We must never forget that quota is property, and that this is about livelihoods—I hope that I have been clear enough about that.

The struggle facing the under-10 metre fleet first arose on the watch of the then Minister, the hon. Member for Exeter (Mr. Bradshaw), who promised action and a set of proposals by this time last year. Those were supposed to be part of the Government's quota management change programme—QMCP—which has since been abandoned after the Scottish Executive pulled out. Nothing of substance was forthcoming. The hon. Member for Chatham and Aylesford, when he was Minister, went further, producing a paper of proposals early last year and a consultation document late in the summer. The consultation closed last month, but we still await a timetable from the Department for Environment, Food and Rural Affairs on when any implementation of the proposals will take place. DEFRA's marine programme for 2008-09 mentions the consultation on the short-term package for the under-10 metre fleet, but gives no indication of when the measures are to be implemented.

As well as a timetable for delivering the changes, we would welcome seeing more details of the Government's proposals for supporting the 10 metre and under fleet. We know that they are planning to spend £5 million on decommissioning, but we do not know what the level of interest is from the larger vessels that take up a substantial amount of the pool allocation. It is also unclear what will happen if the scheme is over-subscribed or under-subscribed. Although DEFRA has indicated that from 1 January 2009 it intends to split the licences for under-10 metre vessels into full-quota licences for those fishing more than 300 kg in a twelve-month period and limited-quota licences for those fishing less than 300 kg in a twelve-month period, it is unclear whether that will happen on that date. Under 10 metre fleet fishermen and their families have been left with an uncertain future for far too long. I am delighted that the Minister has met NUTFA—a great group of people—especially in view of the fact that his two predecessors promised action that is yet to materialise.

Moreover, this is a problem for which the Government are responsible, as they underestimated the quota allocations for the 10 metre and under fleet in the first place. As well as making progress in the coming months on their short-term measures supporting the under-10 metre fleet, the Government need to make their proposals clear for the long-term reform of quota management. We were supposed to have proposals from the Government under the QMCP set out last year. The plan to

> "publish a public consultation document in 2007 and implement changes from 2008 onwards"

is still advertised on DEFRA's website, but no proposals have been forthcoming and no changes have taken place.

In fact, it was not until the Minister answered a written parliamentary question that I tabled last month that it became clear that the QMCP had now been scrapped due to the withdrawal of the Scottish Executive. Why did it take the Government so long to wave the white flag and concede defeat? Now, in the aftermath, more than one year since the Government kicked this issue into the long grass and tried to forget it, new proposals appear to be resurfacing. Hidden within DEFRA's marine programme plan for 2008-09, commitments are given to establish a quota reform task group in this financial year, with a decision being made about the direction of long-term quota reform next year. Given that much of the work on quota reform was apparently completed by last year and that, when he was the Minister, the hon. Member for Chatham and Aylesford claimed that the Government were ready to consult on proposals last autumn, they need to explain why we will need to wait yet another year to see their plans for the future of quota management.

Also buried within DEFRA's marine management programme is the Government's plan to hold this year a

> "consultation on the principles of quota separation".

Just last year the hon. Member for Chatham and Aylesford proclaimed that in respect of Scotland or England he had

> "seen no evidence that separate arrangements would be of benefit to the fishing industry".—[*Official Report*, 21 November 2007; Vol. 467, c. 865W.]

He also stated that there were

> "no current plans to discuss quota management with Ministers in the devolved administrations."—[*Official Report*, 6 February 2008; Vol. 471, c. 1284W.]

These unclear messages on the future of quota reform are not helpful to the fishing industry. I hope that the new Minister, either in his summing up today or in writing, will provide an explanation for the sudden change in Government policy and give us all some clarity about the future of quota reform.

Decisions about the future management of this country's quota must be made on the basis of doing what is best for our fishermen, not on the basis of what is politically expedient or the Government in Whitehall capitulating to pressures from the Scottish Executive. DEFRA and the fisheries administrations in the devolved Administrations need to work closely together and not oppose each other using fisheries as a political football, with our fishermen and the marine environment sidelined.

Mr. MacNeil: I heard the remarks that the hon. Gentleman made about the Scottish Government. If he were ever the Fisheries Minister, what tone would he bring to discussions with the Scottish Government?

Bill Wiggin: Perhaps it is fair to say that I do not have the same track record with the Scottish Government as the Labour party, so I hope that, given Richard Lochhead's experience, it would be possible for us to work extremely closely and constructively together. However, everything that I have ever read, particularly in *Fishing News*, suggests that he is the driving force behind all quota negotiations—I suspect that that is an exaggeration. I hope that that answer helps the hon. Gentleman.

Now, more than before, the fishing industry needs long-term stability to help it through these tough times. Not only will the fishing industry have to face the continuing effects of the economic downturn and credit crunch, but, as we saw earlier this year, it is very vulnerable to sudden steep rises in fuel prices. Between 2007 and 2008, the price of diesel fuel doubled from 31p a litre to a peak of around 60p a litre, forcing many vessels to stop fishing, jeopardising the medium-term viability of a quarter of the fleet and raising the possibility, as stated by Seafish, of substantial increases of between

7 and 50 per cent. in the retail price of fish. Although fuel prices have reduced since then, relieving some of the pressure on our fishing industry, we need to ensure that the fleet is better prepared in the event of future increases, especially in view of the fact that fishermen from other member states were receiving direct help with their fuel costs through the de minimis aid payment, putting our industry at a competitive disadvantage.

These remain turbulent times, and we need to ensure that our fishing fleet can adapt to use more fuel-efficient engines and make the most out of every journey. It was therefore deeply concerning that the fishing industry in the UK had to wait longer than others in Europe for DEFRA to submit its European fisheries fund operational programme to the Commission for approval. We are indeed very fortunate that it appears unlikely that the UK will face any penalties for its late submission, but our industry has suffered as it is only since September that it has been able to apply for EFF money. Vital funds to help improve the sustainability of the fleet have been delayed due to Government incompetence.

I recognise that during the summer changes were made at a European level to the EFF with the intention of offering more support to fishing vessels in view of the crisis brought on by the fuel costs. However, that is no excuse for the delays that the industry has had to endure. Furthermore, the Government have yet to reveal to us their plans for the fleet adaptation scheme to which they signed up in return for the changes to the EFF.

We heard from the former Minister, the hon. Member for Chatham and Aylesford, that member states would need to submit a fleet adaptation scheme to the Commission and reduce capacity by 30 per cent., but the British fleet has already had substantial reductions since 1997. A third of fishermen have lost their jobs, the number of fishing vessels has fallen by around 20 per cent. and the industry, particularly in Scotland, faces severe reductions as part of the last set of CFP reforms. Given that the NFFO has already expressed concerns about the viability of the fleet adaptation schemes and the funds available, it is essential that the Government give a guarantee to the fishing industry that any plans developed will be well thought out and commenced in collaboration and co-operation with the industry.

In addition to the commercial fishing sector, we must never forget the contribution made by recreational sea anglers. Figures from 2004 show that there are at least 1.1 million recreational sea anglers, contributing £538 million from 12.7 million anglers' days, supporting 19,000 jobs. Some 4 million people in total are involved in all forms of angling.

Last year, the Government announced their draft recreational sea angling strategy and put it out to consultation, which concluded at the end of March. Although the Minister has confirmed in a written answer that DEFRA may publish a revised strategy by the end of the year, we have not been given any indication of the measures that the Government plan to introduce or the time scales involved. Those who are involved with angling have little reason to trust the Government as they have already been badly let down by Ministers. The sea angling lobby should not forget the way in which Labour has treated its members. They were promised an increase in the minimum landing size for bass. Then the Government committed a last minute U-turn and scrapped those proposals. "Net benefits" contained a promise that efforts would be made to see whether bass could be designated for wholly recreational use. In Labour's angling charter, it was promised that bass would be

"designated and managed primarily as a recreational species"

to

"return best value for the UK".

Now the Government appear to be dithering again about taking action to support the nation's sea anglers and bass fisheries. Promises have been made to review the measures that can be taken to support bass fisheries, such as the introduction of bass nursery areas and netting restrictions, but sea anglers are being left to wait for action. The current Minister has stated that research is being undertaken and a report is due to be published in 2011 on whether there should be restricted catch areas to benefit anglers in certain coastal and inshore sites, and measures to improve bass survival. That report is three years away. How much longer after that will sea anglers have to wait for a comprehensive package of measures to support bass fisheries and sea angling?

In Labour's charter for angling published in 2005, the hon. Member for Reading, West (Martin Salter)—he is usually in his place for this debate, but sadly is not today—boasted how Labour welcomed

"the publication of the Bass Management Plan"

and had

"agreed to a programme of implementation."

Those commitments, along with its angling charter, are now left in tatters.

The impression being given to sea anglers is that when Ministers are not ignoring them, they are breaking promises and paying them little more than lip service. Sea anglers have a vital role to play in managing our marine resources in a sustainable manner. I hope that the Minister will join me in paying tribute to those involved in promoting sea angling and merging together with other angling groups to form the Angling Trust. I also hope that he will be listening very closely to the Angling Trust. His predecessor ignored the views of anglers when he authorised a one-third increase in the rod licence fees for disabled and elderly anglers—hitting some of the most vulnerable in our society hardest. Now, with the marine Bill coming forward and the reform of the sea fisheries committees, their contributions will matter and must be valued.

Huw Irranca-Davies: The hon. Gentleman obviously missed the comments on the sea angling strategy that I made in my opening remarks. His comments are so shot full of inconsistencies that I hesitate to pick just one. However, given his protestations on behalf of the under-10 metre fleet, does he recognise that bass is also important to it, and that there might be some difference between its representations and those of the sea angling fraternity?

Bill Wiggin: The Minister has to decide which side he is on—*[Interruption.]* No, the promises were made in Labour's charter for angling: they were not made by me. They have been broken by the Minister's party and by his predecessors. It is a nice try. Of course bass is an important species for the under-10 metre fleet—it is not allowed to catch anything else. It is entirely down to his party's mismanagement of that fleet's fishing opportunities that it has that lack of choice.

[Bill Wiggin]

Many organisations have pinned their hopes on the Government delivering the marine Bill in the forthcoming Session. I pay tribute to the Wildlife and Countryside Link, the RSPB, the Wildlife Trusts and others for their endeavours in keeping this issue high on the political agenda and reminding us all of the importance of that legislation. I also welcome the many contributions received from marine-based industries, including those involved in the fishing industry, angling, marine aggregates, shipping and submarine cables. They all want to do their part to ensure that our marine environment is utilised in a sustainable and productive manner. It is imperative that all interested groups are constructively involved as the marine Bill is a once in a lifetime opportunity to get things right.

We all expect the Bill to be in the Queen's Speech and the Government to make the necessary amount of parliamentary time available for us to debate the legislation. The former Minister, the hon. Member for Exeter, promised that we would have a "real" Bill in this current Session and we hope that DEFRA will manage to deliver this time. It would be an absolute travesty if the Government once again failed to give us the marine Bill, which they have spent the last four years promising. I look forward to working with the Minister on the Bill, as it is much needed legislation which we all support in principle.

We all want to see a more integrated system of marine spatial planning. A streamlined licensing system is long overdue. Reform of the sea fisheries committees is needed, and there must be provisions in place to safeguard and protect the marine environment from harmful practices. More than 44,000 plant and animal species depend on the marine environment and, when it comes to protecting these species, we must not have years of dither and delay, as we saw with Lyme bay and the pink sea fans. It is easy to make the case for more effective measures to protect marine life. Let us take, for example, the inshore bottlenose dolphin, whose numbers are estimated to be as low as 500 to 600. It would be a tragedy if those numbers declined further.

Although we are supportive of the Bill, the Minister will face some tough questions over the next year about the legislation and Conservative Members will scrutinise the proposals very closely. DEFRA has already failed to live up to its promises to protect the marine environment and to develop marine protected areas. Two years ago, in its 2007 marine and fisheries business plan, it promised to identify potential, multi-purpose MPAs but, earlier this year, the then Minister confirmed that no such sites have yet been formally identified. If DEFRA simply missed its target to identify some multi-purpose MPAs in two years, how long will it take to introduce plans for all our seas and measures to protect them?

There are also question marks over the Government's commitment to funding the identification of areas that need protection. We all appreciate the present financial situation, but the minutes of the September board meeting of the Joint Nature Conservation Committee were worrying. The JNCC is responsible for identifying a set of marine conservation zones by Easter 2011, but it is still awaiting a decision on its funding for 2009-10 and 2010-11. Until the Minister sorts out the JNCC funding arrangements, it will be left to work with its hands tied behind its back. We would all like to see in the marine Bill a commitment from the Government to a time scale on measures such as marine conservation zones, policy statements and plans. Well intended measures are one thing, but delivering them is another. As we have seen with the Animal Welfare Act 2006, ministerial promises about secondary legislation are easy to break when there is no commitment in primary legislation.

We will also need greater information on the proposed marine conservation zones, the areas likely to be affected and the impact that they will have on marine-based industries. Many fishermen are concerned that no-take zones will be introduced with little consultation with them, and that they could be introduced in areas where it might be more practicable to restrict activities and practices rather than bring in blanket bans. There are also anxieties that the introduction of marine conservation zones, and other measures, beyond the six nautical mile limit will be of limited benefit due to the current CFP.

Under the present regulatory system, foreign fishing vessels with historic rights between the six and 12 nautical mile zone are subject to controls that the UK Government introduce only if the European Commission approves. That is why the Government were able to ban UK vessels from pair trawling, but not those from other EU countries, thereby weakening any benefits to dolphins and porpoises that the UK ban would bring. In view of that, we would like to be reassured that any measures introduced by the Government or the proposed inshore fisheries and conservation authorities that go beyond the six nautical mile limit will apply to foreign vessels, and that the Government will press the EU to recognise that.

The Joint Committee on the Draft Marine Bill suggested that

> "the Government should negotiate the removal of historic fishing rights in UK waters with EU Member States to ensure that enforcement of nature conservation regulations are universally applied to UK national and other Member State fishing vessels in the six to 12 nautical mile zone."

The Minister should certainly consider that in relation to the post-2012 CFP reforms, because there is little point in introducing measures that foreign fishermen can ignore and that leave UK fishermen at a disadvantage.

The relationship between the provisions in the marine Bill and two other flagship pieces of legislation—the Planning Bill and the Energy Bill—is also unclear. When it comes to marine planning on certain developments, including harbour facilities and those connected to energy, the infrastructure planning commission could override the views expressed by the proposed marine management organisation. According to the draft marine Bill:

> "The MMO is to carry out its functions with the objective of making a contribution to the achievement of sustainable development."

However, it will be impossible for the MMO to fulfil its role as the champion of the marine environment when decisions are made outside of its remit and before it has even been established. We have already seen in the last few days the Department for Energy and Climate Change announce the outcome of the 25th round of offshore oil and gas licensing applications. Many right hon. and hon. Members on both sides of the House who signed up to support the marine Bill will be disappointed to see the measures weakened before they even get on to the statute book or come into force.

The Minister has plenty to think about as he heads back to Brussels next month to get a fair deal for our fishing industry. He has also taken on this role at a very challenging time. He has been in the job only for a few weeks, but he has much to do over the next few months. The marine Bill must be forthcoming. We must see real progress on quota reform and help for the 10 metre and under fleet, and steps must be taken to end discarding. Efforts must be made to improve our scientific understanding of the seas, fish stocks and the marine environment.

The squabbling between Whitehall and Holyrood that has done so much damage to the fishing industry on both sides of the border must cease. The sea angling strategy must bring genuine benefits to anglers and rebuild the trust that has been lost in recent years, and the Minister must outline the Government's approach to CFP reform. I wish the Minister luck in his post, but in the past year the Government have stumbled from one blunder to another, with the fishing industry paying the price and the marine environment suffering. Indeed, the Minister must stop squabbling.

2.43 pm

Mr. Frank Doran (Aberdeen, North) (Lab): I welcome the Minister to his first fisheries debate. While the Opposition spokesman, the hon. Member for Leominster (Bill Wiggin), was speaking, I was counting how many annual fisheries debate I have attended—I think that this is my 16th, so I am one of the grizzled regulars. I congratulate my hon. Friend on the fact that his was the possibly the shortest Front-Bench speech from the Government side. At the same time, I think that we heard the longest speech from the Opposition Front Bench. Although the Minister took about half an hour and the Opposition spokesman 46 minutes, I must say that the Minister had a lot more to say, and he took more interventions.

I also congratulate the Minister on the commitment that he has already shown to the industry, and in particular on the fact that, although he is in his early days in the post, he is grasping the nettle and recognising the need for a sustainable industry. That lesson has been hard to learn for many of the people involved in the industry, but we are now making substantial progress, and I wish my hon. Friend well in the December Council meeting and in the meetings with Norway over the next week.

What the Minister said about his objectives for the December Council meeting highlights the need for the fundamental changes to the common fisheries policy that we all want to see. I and other colleagues have attended these debates for many years, but the pork barrel discussions that we used to have are old hat and unacceptable in the modern day, particularly in the light of the importance of the industry not only to the economy but to the well-being of our people. Fish is a fundamental and valuable food product.

The Minister mentioned the cod recovery plan, and we welcome the progress that has been made on that this week. The hon. Member for the Western Isles (Mr. MacNeil)—I cannot say the constituency name in Gaelic—mentioned the meeting that the all-party fisheries group had yesterday with the Scottish Fishermen's Federation and the National Federation of Fishermen's Organisations, from England and Wales. It was clear that the leaders in the industry wanted the Government to succeed in their negotiations, and it is important that they should do so. Everyone recognises that we need flexibility, and many colleagues have raised the issue of the science, and the time lag involved in the application of the science to the discussions.

It must be recorded strongly by those of us with Scottish constituencies that the Scottish industry has made a remarkable amount of progress in the past few years. There have been fundamental changes from the days when fishermen were regarded by all of us as the last hunter-gatherer species on these islands. Now, we see them as pragmatic, able professionals who regard the sustainability of the industry into the long term as much more important than today's catch. That represents a huge culture change, and it is one that must be recognised.

Many changes have been introduced and accepted—and pioneered, in many cases—by the industry. They include changes in the way the industry operates, especially relating to the real-time closures of fishing grounds, and to the reporting processes that have been introduced and accepted throughout the industry, which I hope will now be rolled out to the rest of the fishing industry in Europe beyond the UK. The industry has also been prepared to accept technical and gear changes, and it has been experimenting with all kinds of different ways of catching fish, and with new methods of allowing the fish that we do not want to catch to escape from the nets. The industry must be commended for all that.

As colleagues have said, it is important to recognise the importance of local management. Unless the people who work in the fishing industry feel that they have a real stake in the process, we shall not make the progress that we need to make, and we shall not make it fast enough. One of the handicaps of the way in which the common fisheries policy has operated over the years is illustrated by its bureaucratic, centralised approach. This has alienated people and led to many of the problems experienced by the industry. Thankfully, we do not see so much black fish now, for example. That was a particular by-product of the lack of local control. If everyone has a stake in the industry, we can make genuine progress.

These debates on fisheries are usually a lot shorter than this one, and many people try to get their interventions in, just in case there is not enough time for them to make a speech. That has happened many times in the past, but today we have a decent amount of time, which is important.

The issue of discards has been raised already. In our discussions with the Scottish Fishermen's Federation, we heard some fairly shocking figures. Most of the evidence is anecdotal, but the representative from the SFF said that he had spoken to the skipper of one boat who had thrown overboard 300 boxes of perfectly marketable cod. That is disgraceful and unacceptable. I am a little disappointed at what I understand to be the Government's position on this. They are prepared to look at ways of minimising discards, but they are not going to change their policy on discards—or, at least, on the landing of non-quota fish. That seems to work well in Norwegian waters, and I urge the Minister not to exclude any option while we are looking for a solution to the problem.

[Mr. Frank Doran]

My biggest concern in my constituency is not to do with the catching side, as one of the sad changes over the past 30 years or so is that boats registered in Aberdeen now tend to operate out of other ports. My main interest is in the processing side of the industry, for which the discard problem also creates a massive difficulty. Processors feel a huge amount of frustration because discarded fish are lost, with the result that obtaining sufficient raw material is their biggest problem. Over the past few years that has led to fish being imported from other parts of the world such as Canada and the Baltic. The ditching of our own fish is causing real distress and concern to the processing industry.

I want to say something about employment in the processing side of the industry, and then add a little about employment in the catching side. All of us with processing facilities in our constituencies know that the industry would be in difficulties without the influx of migrant labour—certainly, there has been a considerable flow of people from eastern Europe into Aberdeen.

Skilled labour is more important in the smaller companies because they do their own filleting and so on, whereas the larger companies use machinery for filleting and more of their labour is unskilled. Rough estimates suggest that the influx accounts for between a fifth and a quarter of the smaller companies' work force, with the proportion being slightly higher in the larger companies. Even so, the total number of people employed in Aberdeen has fallen from between 2,000 or 2,500 to around 1,000: about a quarter of them are from eastern Europe, although some Chinese workers are also employed.

There are many problems with recruitment in Aberdeen, especially of local labour. In years gone by, many young people in my constituency and the neighbouring constituency of Aberdeen, South would have done training and apprenticeships and then pursued a career in the industry. Nowadays, however, the industry is not attractive, and the young people who would have gone into it prefer to work in Tesco or Sainsbury. The jobs are cleaner and the people who do them do not smell when they meet their girlfriends at night. In some cases, the wages are better as well, with the result that the industry faces major problems with training and recruitment in the future. It cannot continue to depend on migrant labour.

A constant grievance in the industry is that, whenever there is a crisis, the catching side gets funding that is not so readily available to the processing side. There was a massive decommissioning of vessels a few years ago to sharpen up the industry and help it to make progress towards its present sustainability, but at the time processors were also going through a number of transitions. There were new water regulations, certainly in our area, because of European directives and local requirements, and new food standards regulations also impacted really heavily. However, there was no sign of support, even though the processing industry supports a huge number of jobs throughout the country. These are important issues for us.

I know that we have a lot of time this afternoon, but I shall try to deal quickly with the other issue that I want to raise. Earlier, I mentioned the employment problems in the processing side of the industry, but employment difficulties in the catching side are also causing increasing concern and some difficulties. I hope that I have sufficiently praised the Scottish industry for the way it has adapted to become sustainable, but I am not patting it on the back in this particular case.

Historically, the fishing industry in Scotland—and, I am sure, the rest of the country—has recruited from the towns and villages where the boats were based. Recruitment was local but fishing vessels travelled far and wide in their search for fish. Nowadays things are slightly different. I mentioned the influx of migrant labour into the processing industry. In my area, the north-east of Scotland, the oil and gas industry has been with us since the mid-1970s. In fact, since the mid-1960s people have searched for the oil. Those industries offered Scottish fishermen alternative employment, some directly in the industry, others on supply or stand-by vessels, which are mandatory for every offshore platform.

As I say, in the past few years, there has been a significant influx of immigrant labour, particularly from eastern Europe, in the processing side of the industry. All those workers are subject to British employment laws. They are entitled to the minimum wage and the same health and safety and other protections. They pay tax and national insurance on their earnings. However, in more recent years, there is strong evidence of an influx of immigrants who are being exploited by the fishing industry and who may be operating in this country illegally.

The International Transport Workers Federation, a body that represents trade unions in the transport industry around the world, recently published a report entitled "Migrant Workers in the Scottish and Irish Fishing Industry". If the Minister does not have a copy, I will send him one. The report charts the growing number of workers from countries such as the Philippines and Indonesia who are now working in the Scottish and Irish—mainly Northern Irish, although some are in southern Ireland—industry. It gives a number of examples from the past two years of how the trade operates. I will not go through those examples, but they include cases from Fraserburgh and Peterhead on the east coast of Scotland, Ullapool and Mallaig on the west coast, and Irish examples, particularly around the port of Killeen.

Workers sign contracts in their home countries, and those contracts are used by the agents with whom the workers sign up to obtain transit visas. My understanding is that transit visas are issued to allow people to travel through a country. The ITF has found that in the fishing industry, it is normal for the applicant—in most cases, the employment agent—to claim that the individual will be operating out of the UK port, and will be fishing in foreign waters, usually in Norway. In most cases, only UK waters are fished, so there are inadequate checks on how the transit visas are used. No money changes hands between the vessel operators and the foreign worker. Money is usually paid by the agents in the home country. In one example, a group of workers were paid €241 a month, although they had been promised €800 in the contract that they signed. They were required to work a 20-hour day, and the ITF calculated that that meant that in some cases they were receiving as little as 20p an hour.

In many cases, no accommodation is provided. The fishing trips could last as long as three months, with very few days of rest in port. The ITF found that no record of hours of work and rest were kept in most of the cases that it examined. In most instances, no safety training was given and health and safety requirements were generally ignored. In addition to facing poor working conditions, the foreign workers were afterwards left to find their own way back to their home country, whether they had come to the end of their contract, or whether there was an ill-health issue.

The ITF found that in many cases, where no accommodation was provided for workers, workers were required to stay on the fishing vessels between trips. In one recent case—it is still going through the legal processes, so I will be careful what I say about it—two Filipino crew members and a Latvian died in a fire on a vessel. I understand that some of the lessons learned are quite serious for the way such migrants will be treated; however, I shall not go into that here. I understand that so little information was held on the individuals who died that it took more than a week to identify the bodies. The owners of the vessel did not have information on who those people were.

When I discussed the situation with the ITF inspector for Scotland, Mr. Norrie McVicar, who is based in my constituency in Aberdeen, he advised me that the ITF estimates that there are about 1,000 immigrant workers—that is a huge number—mainly from Asia, working in the Scottish and Irish industries. The bulk of them are in Scotland. He has had frequent meetings with Filipino workers in Fraserburgh, particularly following the fire and the deaths. He estimates that there are about 400 such workers in Fraserburgh alone.

I am told that the situation for migrant workers in Fraserburgh is so desperate that the local community, through the Fishermen's Mission, distributes clothes. Many of the migrant workers are not used to the Scottish climate, and some arrived in Aberdeen, Inverness or other points of entry dressed in a T-shirt and shorts, because that is what they are used to wearing in their home country. They just were not prepared for the Scottish climate. Because of their low wages, they have no money to buy more suitable clothing. I pay tribute to the people of Fraserburgh for their continued compassion for migrant workers in their town and to the Fishermen's Mission.

I know that transit visas are not the Minister's direct responsibility, but it is clear that the transit visa system for non-EU migrant fishermen is being abused. The ITF has been in touch with the local immigration authorities in Scotland, and I have sent a copy of the ITF report to the Home Secretary and asked her to look into the matter. The ITF has a good track record on dealing with such issues around the world, and it has procedures to assist fishermen and other seafarers to get compensation for the non-payment of wages. The report makes it clear that it has been successful in some cases, even in the Scottish fishing industry.

Fishermen are being employed at rates ranging from 50p to £1.50 an hour. Any other worker in the UK is entitled to the minimum wage, which is several times both of those figures. I have asked local minimum wage enforcement officers to investigate that situation and particularly the nature of contracts between vessel owners in Scotland and employment agents. It is difficult to understand why, when there are so many unemployed people in the north of Scotland, particularly around the coastal villages, and a ready supply of workers, including fishermen, from the EU, it is necessary to bring workers from the far east with questionable legal status. If normal procedures were being followed, work permits would not have been granted in the cases cited in the ITF report. In that case, employers would be paying national insurance and be subject to minimum wage regulations, and the workers themselves would be paying NI contributions and tax on their earnings.

The evidence amassed by the ITF suggests that a form of trafficking and serious exploitation of workers from developing countries are taking place in Scotland. Most of those workers never complain and simply accept their lot. It is important to say that the majority of fishing boat owners do not employ immigrant fishermen, but those who do are exploiting the vulnerable, breaking the law—certainly in relation to immigration requirements and possibly in relation to health and safety and the minimum wage—and failing to comply with international human rights treaties. Their behaviour is a stain not only on the fishing industry but on our whole country.

3.2 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): The comments by the hon. Member for Aberdeen, North (Mr. Doran) will cause immense concern in all parts of the country, especially fishing communities. I was brought up on an island and now live in a fishing community. In my experience, such communities care about individuals and value fair treatment. I hope that his comments are heard elsewhere in government and that action is taken.

I welcome the Minister to his new job and congratulate him on having got up to speed very quickly on a brief that is not only complex but challenging. I also pay tribute to his predecessor, now the Under-Secretary of State for Work and Pensions, the hon. Member for Chatham and Aylesford (Jonathan Shaw), who did not have long in the job but who made a significant impact. If he had been given a longer opportunity, he would have achieved a great deal more.

As is traditional, the Minister opened his remarks this afternoon by reminding us that this year, as every year, men engaged in the fishing industry have lost their lives, and he was absolutely right to do so. We should remember the contribution made by the emergency services, the Royal National Lifeboat Institution and the coastguard to dealing with those incidents.

It is perhaps opportune to reflect that the editorial in this week's *Fishing News* is entitled "Making safety a habit":

> "The dangers at sea can be sudden and disastrous. Efforts by the industry to raise awareness of safety issues through training are in part an attempt to change long-established habits among many fishermen based on the belief that the worst will not happen to them. But the coastguard and rescue services know from experience that fishermen who are not as well prepared as they could be for the unexpected seriously reduce their chances of survival."

Most tellingly of all, it goes on to observe:

> "Fishermen's safety is also compromised by the financial pressures imposed on them by the endless restrictions that push them to work at the margins of safety to stay in business."

It is worth reflecting on what the *Fishing News* editorial says, because, as the Minister is new to the job, it is important for him to understand not just that he is taking on a job that involves an immense amount of detail, with talk of quota, total allowable catches,

[Mr. Alistair Carmichael]

transferable quota and the rest of it, but that the decisions that he makes as a Minister, and of which he will be a part next month when he goes to Brussels, can be, in a very real sense for many men working in the industry, life and death decisions.

Mr. MacNeil: The hon. Gentleman referred to a *Fishing News* item about a boat that sank off my constituency, and I should like to draw the House's attention to the work of Dr. John MacLeod of Lochmaddy, who won a *Fishing News* award for his work on life-saving equipment—workable life-saving equipment—that can be fitted to fishermen.

Mr. Carmichael: I am grateful to the hon. Gentleman for having brought that fact to my attention; I was not aware of it. He is right to highlight the very important contributions that are made by so many people in so many different ways.

One issue concerns not only fishermen in my constituency, but fishermen who go to work in the northern North sea from all parts of the country. I hope that the Minister will take on board what I am about to say and make representations to the Department for Transport on behalf of those fishermen, because last Friday afternoon it was announced that the back-up helicopter that is stationed as part of the search and rescue service at Sumburgh airport is to be withdrawn, so that cover can be provided by CHC Helicopter Corporation, which has the contract on the south coast of England. We, here, have the luxury of debating in the relative comfort and safety of the Chamber, but I am told that at home in Orkney, a fierce wind is beginning to blow from the north. That is by no means unusual in the northern isles in November. Although CHC's attitude towards the provision of its services and the removal of the back-up may not be in breach of its contract, it certainly is in breach of the spirit in which CHC was intended to perform its functions. I very much hope that all arms of government will be employed to bring that point home to it most forcefully.

As ever, the fishing industry has had an eventful year. Earlier this year, the Minister's predecessor acquired a fair degree of unwelcome attention and some heat in respect of fuel costs. The fishing industry will always employ a particular argument about those costs, and I hope that, given that some of the political heat has been taken out of the issue because fuel prices are now lower, work will now be done on the role of fishermen as market takers rather than as market makers. It is always easy to say that some should receive special consideration, but, when an industry is in a particular position, as the fishing industry is because it cannot pick and choose where and when it sells its fish, or the price, special considerations must apply. Such work must be done now while the fuel issue is not as contentious as it has been.

It is remarkable how we in this debate always focus our attention on the December European Union Fisheries Council, but it is particularly opportune that we have the debate today, because, in my experience, the real decisions are made not at the December Fisheries Council but at the EU-Norway negotiations. I have never understood why we do not pay more political attention to those negotiations, because they seem to be the absolutely crucial ones, and the December Fisheries Council is simply left to carve up what is agreed. The EU-Norway negotiations are particularly important this year, not least because of the attitude of the Norwegian Minister with responsibility for fishing and the Norwegian Government in general. I hope that there is an element of grandstanding in some of what the Norwegian Government are saying. They talk about a total discard ban and a land-all policy for fish caught in Norwegian waters.

I suspect that there is an element of grandstanding. The Norwegian Government say that herring are their first priority in respect of banning discards; that may be grandstanding because those who know about these things tell me that there is very little, if any, discard of herring, so achieving that total ban should not be as challenging as it first sounds. However, it is clear that this year Norway is giving discards a political importance that they have not had in the past. Ultimately, I hope that that will help, although I also hope that we will not be left having to sweep up bureaucratic and unhelpful measures as a consequence of grandstanding. I would like there to be direct political—rather than official—input into the EU-Norway talks. I know that, in principle, the talks are conducted by the Commission on behalf of the EU, but talks of such importance should involve politicians rather than officials.

Others have spoken about discards. We have to get on the record the fact that the fishermen are those who hate the level of discards most. Discarding is not a consequence of naked greed; fishermen do not go out and hoover up everything that they can lay their nets on. It is a consequence of the disparity between the quota level set and the fish to be found in the sea. In summer this year, the Minister's predecessor visited Shetland. Josie Simpson of Whalsay, who has a long history and pedigree in the fishing industry and fishing politics, told the Minister that he had never known a time in his life as a fisherman when the gap between the quota and the reality had been so wide. That fact is behind the significant discards that we are seeing.

At the heart of the problem is the fact that the science does not reflect what is in the water today; it might reflect what was there a couple of years ago, but life has moved on significantly. That is why I keep coming back to this plea to the Minister: whatever is given to ICES to inform its advice, the decision making must be based also on information from the industry itself—after all, people who work in the industry see what is in the sea—and on scientific advice at an earlier stage that has been analysed rather more crudely. There is always the opportunity for that "quick and dirty approach", as I call it, to be quality-controlled through measurement against the refined product, which is all we get at the moment. If that shows a broadly consistent position, we should know that the initial analysis has been reliable.

I want to say something about specific issues that the Council will face when it meets next month. The Minister spoke at length about west coast white fish. It is pretty clear that there are significant issues about some of the stocks on the west coast; that is accepted by the industry itself. I would, however, suggest that the blunt instruments to which the Minister referred—the draconian closures that are currently up for discussion—are no sort of solution. They will simply take a bad position and make it worse. If we are going to look to the recovery of threatened stocks to the west of Scotland, we must be prepared to take a longer-term perspective than has so far been suggested as appropriate. If we learn the lessons of the past seven years from the cod recovery programme, we must see that the situation will not improve overnight.

The Minister was absolutely right to say that there must be buy-in to any proposals that offer the eventual solution. My hon. Friend the Member for Argyll and Bute (Mr. Reid) referred to the scepticism about the Swedish grid, particularly among white fish and nephrops fishermen. I emphasise the importance of ensuring that those concerns are listened to and taken seriously so that we do not end up with a solution that is imposed merely because officials take it as the best view. Will the Minister also bear in mind the fact that if we have a closure programme of the sort that is suggested, it will affect fisheries in every area? These grounds are fished principally by the handful of white fish boats that remain in Orkney and by boats on the north-east coast around Banff, Macduff and Fraserburgh. They will not stop fishing just because of closures on the west of Scotland—they will take their effort elsewhere and the impact will be felt by others in different parts of the country.

People working in the Celtic sea area are particularly concerned about the application of a days-at-sea solution, and we can all understand why that is the case. I urge the Minister to do all that he can to resist that and to preserve the position, as far as is possible, in fisheries such as monkfish, megrim and hake. In respect of the Irish sea, we are, yet again, hearing this year about the urgent need for a review of the cod recovery measures. Until we have that review, those in the industry and scientists are fairly clear that what is needed is the preservation of the current level of cod total allowable catch and the days-at-sea regime.

In my parliamentary experience, it would not be a fishing debate if we did not say something about North sea cod. This is no longer quite the poisonous issue that it once was, but it remains a source of concern, not least because of its impact on discards. The current management plan for North sea cod suggests a 15 per cent. increase in the total allowable catch. Compared with the position of a few years ago, that is a remarkable achievement, and we should not underestimate its significance. However, there is scope for the UK to press for more. The more cod TAC that we can get, the less of a problem there will be with discards. The ICES advice, with all the caveats that we have applied to it, says that it would be possible to have an increase of up to 80 per cent. of the North sea cod TAC while maintaining the spawning stock biomass at the minimum safe size of 70,000 tonnes. I should place it on record, for the avoidance of doubt, that I am not calling for an 80 per cent. increase, but as an exercise in arithmetic I am trying to show the Minister that there is scope for significant flexibility in future.

I am delighted to hear the Minister speaking now, in 2008, about the next round of reform of the common fisheries policy. We last saw any significant reform in 2002, so this will take us to 2012 for the next round. The 2002 reforms were, in many ways, quite timid. The creation of regional advisory councils was welcome, and the North Sea RAC, in particular, has functioned very well. They have shown the potential for regional management. I hope that at the heart of the UK's pressure on the issue will be a move for control of the fishing industry to shift from Brussels to the communities most closely affected. As my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) said, we would like to see a move from regional advisory councils to regional management councils.

We have to be mindful of the need to preserve elements of the common fisheries policy that are to our significant advantage, such as the concept of relative stability, The Hague preference and the six and 12-mile limits—and I make a special plea for the Shetland box. A lot of creative and imaginative thinking was being done in the fishing industry from 2000 in the lead-up to the December Council in 2002 that introduced the changes. I hope that the process we are starting will lead to a similar increase in creativity and fresh thinking on fisheries management. As long as that takes place, and that sustainability and the fishing industry are at its heart, it can only make these debates more profitable in years to come.

3.21 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I welcome the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Ogmore (Huw Irranca-Davies), to his new post, in which I am sure he will be very successful. This debate is the annual celebration of the fishing MPs. We look forward to it all year—some of us do not speak in the House at other times, because we are saving our words of wisdom for this debate. It is more important to us than Christmas. In fact, once it is over, we can probably go home.

My hon. Friend follows a number of successful and effective Fisheries Ministers. Theirs is a proud tradition. I always say that as I welcome each one, with a note of jealousy in my voice because it is not me doing the job, which is the most important job in Government as far as we, the fishing MPs, are concerned. He will help to shape the future of our industry, and the best advice we Back Benchers can give him is to hug the industry close. The most successful Ministers are those who have kept in closest touch with the industry. It is interesting that the Fisheries Minister in the devolved Government in Scotland has been very effective because, in a smaller nation, he can be closer to a big industry than is possible in the more impersonal environment of British politics. I welcome our new Minister again, and say to him that his success is our success.

The Minister's description at the start of the debate of a prosperous industry was a little deceptive. Takings are up because of inflation and because we have switched species. As white fish catches have gone down, they have been replaced by shellfish and nephrops, or langoustine as they call them in Scotland now—is that the Scottish dialect word for nephrops? Returns have therefore been kept up, but the value of landings has declined 24 per cent. in real terms since 1998, 30 per cent. of the jobs have been lost since 1996 and there has been a 43 per cent. decline in the number of registered fishing vessels since the early 1990s. It is a history of decline, which we need to remedy and reverse.

What has caused that decline? I am sorry that the Conservative spokesman, the hon. Member for Leominster (Bill Wiggin), did not give us his usual diatribe about the common fisheries policy, because it would have been

[Mr. Austin Mitchell]

apposite. The decline is almost entirely due to the common fisheries policy, which was imposed by Ted Heath. He used to sit in debate after debate trying to defend the betrayal of the British fishing industry that he carried through in 1972, which unfortunately tied our hands.

We must recognise that the common fisheries policy has been expensive for Britain. There is no use ignoring reality and pretending that it will go away. If we calculate the total EU catch to be 5.3 million tonnes of fish and its value to be £5.6 billion, with 70 per cent. of fish caught in British waters—what used to be exclusive British waters—and we deduct from 70 per cent. of £5.6 billion the £645 million that is the value of landings in this country, we are left with £3.3 billion. The fish are caught in our waters, though not by our vessels—thereby not providing employment in this country—and sold in Europe. That is the effect of the common fisheries policy. We have been swindled, and the policy was devised for that purpose.

I shall keep the flame of antagonism alive, even if it burns lower on the Conservative Benches—*[Interruption.]* Perhaps the hon. Gentleman wants to intervene—or throw the books that he is moving at me for treading on his ground. I shall keep the flame alive. I am glad that the Scottish National party is beginning to take up the torch that I have been carrying for several years. *[Interruption.]* Yes, I, too, read the article to which the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) is pointing. The cavalry is on the horizon, coming to my rescue.

The policy, which is supposed to be about conservation, has been deeply damaging to it. Instead of making things better, it has made them worse. It has become tighter, clumsier and messier. The position is straightforward. In Brussels, we have approximately 40 bureaucrats in what is now called DG MARE—I thought that the title referred to a new director general when I first heard it. The main acquaintance of those 40 bureaucrats with fish and fishing is acquired in Brussels fish restaurants, where they eat the best of the world's fish. I am sure that the officials at the Commission believe that things are going well for fishing because they are served such delicious fish in Brussels restaurants. The best service that we can do this country is to close the Brussels restaurants so that the bureaucrats can no longer eat their fish. Perhaps then they will begin to think that there is something wrong with fishing. I even begin to think that it is all their fault.

Mr. MacNeil: I am grateful to the hon. Gentleman for pointing out the Scottish Government's view of the common fisheries policy. He may also have seen in *Fishing News* one of the more robust fishermen's organisations, Mallaig and North-West, echoing that scepticism. As the headline says, the CFP must be scrapped.

Mr. Mitchell: Feelings about the common fisheries policy ran high and hostile in the 1970s. They have attenuated somewhat since then, but the feeling is kept alive and fishermen know, if other people do not, the cause of the problem.

It is impossible for a small group of bureaucrats in Brussels to legislate for and regulate fishing vessels over 45° of latitude or to legislate for vessels of all sizes, from small vessels of under 10 metres to huge, powerful fishing vessels. One code of regulation cannot cover everything. The problem is that, because legislation and regulation are done in a remote fashion from Brussels, the measures have to be broad brush. That is why control is preferred through total allowable catch and days-at-sea limitations. Effort can be reduced by cutting down the days at sea. Control is also exercised through decommissioning—cutting down the number of fishing vessels, thus limiting the fishing effort. The bureaucrats prefer broad, crude controls to the more sophisticated controls that are necessary to deal with a complex industry that covers many waters with different production and many species of fish. One policy, developed in Brussels, cannot cover everything.

Mr. Goodwill: Is it not also the case that a number of countries that participate in those negotiations do not have a fishing industry—or even a coastline, for that matter—and are perhaps therefore willing to negotiate away fishing interests for their agricultural interests, which are under consideration at the same time?

Mr. Mitchell: That is correct. That can also be the case for the Fisheries Commissioner, but fortunately Commissioner Borg comes from an island. He therefore has some knowledge of fishing and has been effective in that role, but that is not always the case.

The problem is that we need regulation that involves the industry instead of regulation that is imposed from the top down, as it is now. We should hand power down to the industry and let it regulate itself, determine its own catches and how to achieve them, and set its own objectives and define its own way of getting there. The more we hand power down to the industry, the more effective it will be.

Having come here when Mr. Gladstone was Prime Minister, I have seen the changes to the fishing industry over a long period. When I came here, the fishing industry was big and fished mainly in Icelandic, Faroese and Greenlandic waters. The industry was involved in distant water fishing with big vessels and the owners were very powerful. Indeed, the industry was run like the mafia: the owners would come down to the House of Commons in a train of state and tell us fishing MPs what we should do and say. We were sent regular briefings and a newspaper, as well as offers of fish to keep us going through the long winter nights in the House.

That was succeeded by a period in which the big boys pulled out and the industry began to operate on a much smaller scale, although it was difficult to manage or organise and much of it was extremely angry. Today, the fishing industry has totally changed, at long last. The industry now wants to be involved. It does not want to be bureaucratised, but it wants an influence over its own fate. The industry wants a say and is prepared to accept regulations, provided that it is consulted during the formulation of those regulations on how to maintain the catches. The industry can be consulted through the RACs, which are an innovation that Brussels needs to listen to more—it listened very well in the first year, but it is listening less effectively these days—rather than simply imposing things.

I must express my disappointment at the European Court of Auditors report on DG MARE, which the court clearly wanted to merge with the Environment Directorate-General, because the report is totally hostile towards DG MARE for the wrong reasons. The report says that the common fisheries policy has been a failure—we have been saying that in this place for a long time, so I am glad that the realisation is dawning in Brussels. However, the report also says that that is because the fishermen cheat and are irresponsible and disorganised and because nation states fiddle the results and do not police the policy adequately. That is exactly wrong. The policy fails because it is a centralised policy that cannot be imposed on a multifarious industry.

We have to recognise that the European Court of Auditors report has got the wrong end of the stick. That is best illustrated by the emphasis that we have placed this afternoon on discards. The scale of discards is worrying—the Opposition spokesman gave us some horrifying statistics about that. The issue receives enormous publicity, as well it might when valid, good-quality fish are discarded and when the cod that the fishermen cannot land is just chucked overboard—dead, useless—so that they cannot make a return on it. Fishing boats are expensive to run, but there the fishermen are, chucking saleable fish overboard.

The problem arises because the quotas fixed by the Commission and the stocks—presumably determined by the scientists, but often inaccurately so—are out of kilter. Until we adjust the two, there will be discards. However, applying rigid quotas in a mixed fishery, which is what we have, makes discards inevitable, so we need to develop a way of dealing with them. The more quotas are reduced, the greater discards will become. That is an inevitable law of fishing, but the Commission does not recognise it. The more we reduce cod quotas, the more discarded cod there will be.

The only way round the problem is to get flexible measures, which the industry has pioneered. It is amazing that after all these years in the centrally controlled common fisheries policy, it is left to the industry to develop new methods of management that are more effective in conservation terms, but are more difficult to implement because of the laggard nature of the CFP.

The sort of measures pioneered by the industry include cod avoidance plans. A Jubilee fishing vessel in Grimsby, for example, has adopted a cod avoidance plan—in other words, fish in areas where it is possible to avoid catching cod. That is one way of conserving cod, but some kind of reward is needed for fishing that way, and the reward has to be extra days at sea, to make sure the system works.

Another method is using different mesh sizes or new gear. There is some American gear called "the eliminator"—it is not named after Governor Schwarzenegger, who was the Terminator—and it looks very promising. It has been trialled by Arnold Lockyer in Scarborough and deserves to be trialled more extensively. It will allow people who have caught their cod quota to carry on fishing for haddock or whatever, using this selective gear. Conservation can also be managed by area closures.

Andrew George: Will the hon. Gentleman give way?

Mr. Mitchell: It is good to see what has happened in Scotland, where closures were approved by the authorities—another development that we should encourage.

Andrew George: The hon. Gentleman mentions area closures. Does he endorse the industry-led efforts to close the Trevose grounds—very important juvenile and spawning grounds—that have resulted in a noticeable increase in stock and a reduction in effort control? It is worth emphasising that it was an industry-led proposal. It is important, because in a mixed fishery, it is impossible not to catch some of the stock whose landing the European Commission is keen to prevent.

Mr. Mitchell: I am grateful to the hon. Gentleman. I did not give way at first as I expected to hear an interjection in a Scottish accent, so I was somewhat confused geographically. He is absolutely right that the industry has been conscientious in developing that sort of area measure, with which, I believe, the future lies.

We can promote conservation by having observers on fishing vessels—and if we cannot have an observer, we can have closed-circuit television. It is interesting that the industry is up for both of those developments and is making proposals to develop them, but acceptance by Brussels has been very laggardly. Today's industry wants to conserve stocks and sees the importance of sustainability, which is obviously a way of keeping the industry going, yet it has been restricted by the common fisheries policy, which is supposed to be about conservation.

I shall not go into too much detail over what to look for in the negotiations, as other Members have done it better. The first prospects were gloomy—I read in *Fishing News* a headline saying, "EU wants big cuts in TACs for 2009". It goes on week after week. I am glad that the ICES proposals were published in advance and that they are now open to debate and discussion, because the industry needs a say on the science as well. There is a long-standing misunderstanding between the fishing industry and the scientists, particularly about where the checks are done. The scientists seem to want to trawl in the same place with the same can of trawl gear that they trawled with last year, whereas, as far as I know, fish move around. The fishermen know where they are, but the scientists appear not to. That distorts the results. I think that the ICES figures were first published in June; they were gloomy.

We began with a prospect of gloom and cuts, but I think that that was rather misleading. We ought not to be inured to cuts, and I do not think we should accept the cuts that are being forecast. We should involve the industry in the science and in developing quotas through the RACs. The gloomy prospects have been alleviated by a sensible decision about the Celtic sea. The proposal for a cod recovery plan has been rejected—thank heavens, because it would have had a knock-on effect on catches of other species. However, we are still left with the proposal for a 25 per cent. effort cut, which I think is too abrupt. It is difficult for an industry, much of which is on the margins of profitability, to survive a further cut. As other Members have pointed out, the British fishing industry has already suffered massive cuts, and it is time to call a halt.

I want the North sea cod catch to be enlarged to the limits of the ICES proposals, because the smaller it is, the more discards there will be. I hope that, through the

[Mr. Austin Mitchell]

Government, we can encourage the use of cod avoidance plans. The Government have a responsibility to help and finance the industry's search for new methods and new ways of planning, as well as its requirement for training and safety measures. They were laggardly in giving us de minimis finance to cover fuel costs. However, they can help the industry in lesser ways by financing more research and observers, and the development of a new fishing strategy, in the build-up to the 2012 review. Without going into all the arguments over species, I would argue for more and closer co-operation between Government and industry, and a delegation of power from Brussels to the industry, via the RACs.

The fishing industry is the main agent of conservation in the oceans. It ensures the preservation of natural balances and the sustainability of catches. It must, therefore, be included in the consultations on where marine conservation areas are to be. At present it feels excluded: it feels that decisions are being made without involving it sufficiently. If fishing is to be excluded from marine conservation areas, however, that must mean all fishing. We cannot allow British fishermen to be excluded from British marine conservation areas while European fishermen are allowed to assert their right to fish for quotas within British areas. There must be one law for all—it must be common, if we are to have a common fisheries policy at all.

3.43 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): It is always a great pleasure to follow the hon. Member for Great Grimsby (Mr. Mitchell), who is far and away the best Fisheries Minister that the Government never had. Perhaps there is still a chance for him. I think that he would do an excellent job. He is very knowledgeable, and it is always a pleasure to listen to what he has to say.

I want to say a few words about the Wash and north Norfolk inshore shell fishery, and then a few words about the wider national fishing situation. The Fisher fleet at King's Lynn is extremely important. There are smaller fleets at Brancaster and Wells, and to the north-west there is the Boston fleet. The Wash and north Norfolk fishery is one of the world's premier shellfisheries, and is renowned for brown shrimps, cockles, mussels, whelks, crabs and of course lobsters. There is a significant number of jobs. Over 70 boats operate out of these ports. The Minister can tell us the figure when he winds up, but I estimate the multiplier to be between 10 and 15. For every job offshore, there are 10 to 15 jobs onshore in processing, packing, servicing, engineering and ship repairing. There is the one shipyard in my constituency for every job offshore.

Huw Irranca-Davies: May I make a very quick intervention? Filled as I am with inspiration since the hon. Gentleman's earlier intervention, I can say that the figure is roughly 1:10. For every job in actually catching fish, there are probably another 10 created on land.

Mr. Bellingham: I am grateful to the Minister. I said between 10 and 15, so I was not too far out.

At a time of severe economic downturn, when every job is extremely valuable, these jobs in my constituency are extremely precious and we must cherish them. This is an historic fishery, iconic in many ways. It is symbolic of King's Lynn's status as a maritime and former Hanseatic League port.

Many challenges face this fishery—more now than I have known for many years. The Minister talked about how well the shell fisheries were doing, but he was referring to 2007 figures. Brown shrimps, for example, are now selling for £1.50 a kilo; last year they were selling for £10 a kilo. The cockle season for 2008 has been a disaster, down 40 per cent. Mussels are now selling for €450 per tonne; last year they were selling for €700 a tonne, with transport costs included. Many of the variable costs have gone up. My hon. Friend the Member for Leominster (Bill Wiggin) mentioned red diesel, which went up as high as 70p a litre, making it quite prohibitive.

I want to talk briefly about wind farms. Centrica now has Lynn and Inner Dowsing wind farms under way; they became operational earlier this year. It now has consent for the 250 MW Lincolnshire farm. Before too long in excess of 500 wind turbines will be operating in the Wash and along the Norfolk coast. As someone who is a vehement opponent of onshore wind farms—I have always said that the place to put them is offshore, where one can secure a degree of critical mass and economies of scale—I should say that there are important ramifications for fisheries.

The latest planning proposal from Centrica will involve two buried sub-sea cables through the Wash, which will connect up to the national grid. I am pleased to say that Centrica has agreed that 11 km of onshore cables will be buried. As far as fish are concerned, the jury is out. There will be some conservation advantages, as the area around the turbines will be an exclusion zone that will not be able to be fished; indeed there will be an opportunity for some of the shellfish to breed and regenerate with no fishing taking place.

There are many concerns about the main cable and the lack of access to mussel beds during the cable laying. There will also be an area of the Wash and the offshore Norfolk shell fishery that will be out of bounds for the foreseeable future, certainly for the life of these turbines. It is important that we are able to find out the exact size of the area affected.

I also think that proper compensation should be paid to the fishermen in my constituency. I have every faith in Sam Laidlaw, the relatively new chief executive of Centrica, and his renewables team, who have made it clear that there will be compensation for fishermen who lose out as a result of these renewable power developments. Obviously, to have a commitment to pay compensation is important, but we need the talks to continue and for a conclusion to be reached so that the fishermen in my constituency know exactly where they stand.

I wish to touch briefly on a technical matter, which the Minister may be well briefed on—in fact, I am sure that he has heard of the ross worm, or Sabellaria spinulosa, reefs. The ross worm is a marine worm that builds tubes from sand and shell fragments, and the reefs are made of large dense conglomerations of Sabellaria tubes. They are important because Sabellaria reef is on the list of habitats requiring protection under the EU habitats directive. That directive led to the creation of the Wash and north Norfolk coastal special area of conservation, and further protection was granted by the Natural Environment and Rural Communities Act 2006, as my hon. Friend the Member for Leominster will know because he was interested in that legislation's passage through this place. The Wash is, of course, also a site of special scientific interest.

These reefs are important for their high biodiversity value; they support a large number of different species. The reefs are under threat and have declined in number, however. The fishermen concede that they have been damaged by demersal fishing operations. Natural England has concluded that the Wash reefs are an outstanding example of the habitats and it is determined to offer more protection. It is keen to prohibit the use of tow-fishing gear in certain areas.

There is widespread local agreement that that important type of habitat should be protected, which is why the Eastern Sea Fisheries Joint Committee has outlined four possible closure areas, and a byelaw would close those areas to demersal trawling and dredging. The total area will be 2,765 hectares, and the largest areas are the Lynn knock and the Lynn deeps. Some of these areas are hardly fished at all, but others are heavily fished, and although there is widespread support for the conservation measures, I have concerns. Where there is fishing within important SSSIs such as the Wash, it is necessary to strike a balance between commercial activity and maintaining conservation and habitats and other associated challenges. I am concerned that there is no compensation, and I wonder whether the Minister might look at that. I am also concerned that the review framework will be on only a five-year basis.

There is a possible way forward, however. I am concerned that we might rush into having a byelaw that could lead to a very damaging impact on the local fishing fleet. Under the proposed marine Bill, there will be no-take areas, so why not put the byelaw proposals for the Sabellaria reefs on hold until the new Bill has been enacted? The new and more powerful inshore fisheries and conservation authorities have been mentioned, and they will have substantial influence and more power than the existing sea fishery committees. It would make sense to wait until those bodies have been established, and then take a long, hard look at the reef problem. I know that this is a technical area, and I can see that the eyes of some Members in all parts of the House are glazing over, but this is important to my constituents. *[Interruption.]* I am glad that the shadow Minister, my hon. Friend the Member for Leominster, is nodding in approval.

I have looked at the marine Bill, and I share my party's general stance of welcoming the proposals and looking forward to their being enacted, but I do have some concerns. Sustainable fisheries management is the Government's overriding policy objective, of course, but that requires high-quality fisheries management and top-class law enforcement procedures. That is currently the role of the Marine and Fisheries Agency, which has a good record. There is high morale, as shown by the Eastern Sea Fisheries Joint Committee in my constituency, and the staff are motivated and committed. However, although the MFA has been going for only two and a half years, it is now due to be replaced by the new marine management organisation. I am concerned that hard-working fisheries officers who cover fisheries in my constituency could lose their civil service status. They could lose their immunity and privileges as Crown servants, and so be exposed to litigation, lawsuits and damage claims.

We are also facing significant transition costs. The Public and Commercial Services Union, which represents some of my constituents, estimated those costs to be between £22 million and £26 million. Considerable disruption will be caused and morale might be damaged, and I would have thought that this was the worst time to undermine the effectiveness of fisheries officers, given that there are so many other challenges to meet.

Without trying to depart too far from the bipartisan nature of this debate, may I say that this Government's record on delivering transition and the transfer of functions to new bodies is appalling? One need only consider the different bodies that they have created over the years to realise that. The Equality and Human Rights Commission is one such example. One would have thought that the individual parts going into it would have resulted in substantial savings, but the reverse has happened—the new body is bloated and extremely bureaucratic, and it is costing far more.

I urge my hon. Friend the Member for Leominster, when he scrutinises the Bill from the Front Bench, to take great care on the new structures being put in place, to try to control those costs and to examine the points that I made about the status of the officers in question, who do such excellent work in promoting the Government's agenda on sustainable fisheries. Above all, I ask him to ensure that we have fair and consistent law enforcement.

The common fisheries policy worked tolerably well when we had a Common Market of nine countries, but I do not see how it can go on working in its current form in an EU of 27 countries. The policy is bureaucratic, ineffective and not fit for purpose. A number of hon. Members have pointed out the scandal of the discard of healthy, edible fish. The hon. Member for Great Grimsby and my hon. Friend the Member for Leominster graphically illustrated that it is unsustainable and immoral. We want great changes to the EU fisheries policies, because the CFP has been a disaster, environmentally and economically. Radical reform will be needed, which is why I support my hon. Friend when he says that he is determined to push for such an agenda.

The Minister also talks of reform—long-term management, better regional management and a consistent approach across the EU—but we have heard that all before. I was in the House in the 1980s and 1990s, so I heard successive Conservative Fisheries Ministers say exactly the same thing—they still carry the bruises of trying to tackle the issue of reform. Over the past 11 years, Labour Ministers have gone into bat in exactly the same way. They have achieved a certain amount, but nothing like enough. I welcome the Minister's personal commitment, but because of what has happened I am a sceptic and I fear that he will fail, as his predecessors failed, unless he opts for something far more radical.

We need significant reform, so why not start with repatriating control of the six to 12-mile zone? That would send a strong signal that we mean business in terms of supporting our fishermen. We need a completely new and fresh approach, and I do not feel that this Government are able to deliver it. That is why I support the approach outlined by my hon. Friend the Member for Leominster, and why I wish him well. This radical reform can be delivered only by the official Opposition when they come into government.

3.58 pm

Michael Jabez Foster (Hastings and Rye) (Lab): All colleagues have probably had that sinking feeling when a constituent comes in on a Friday afternoon and says,

[*Michael Jabez Foster*]

"You're my last chance." In a sense, I am that constituent today, saying it to the Minister on behalf of the fishermen of Hastings and Rye. Year after year, we have the same debate—I suppose the good thing is that we have a new Minister every year to whom we can express our views. I hope that the enthusiasm that the current Minister, my hon. Friend the Member for Ogmore (Huw Irranca-Davies), has brought to this task and the expertise that he is already displaying will ensure that he attends this debate next year, when I hope he will receive our congratulations on the results that he has achieved, particularly for the under-10 metre fleet in areas such as mine.

I am unashamedly parochial. The fishing industry is very important, but more important still is the fishing industry in Hastings and Rye. For historical reasons—and like other ports around the country—Hastings and Rye depend on their fishing fleets, not only for what they bring in economic terms but for what they bring to the history of the towns. I do not want to overstate the point, but my constituents are at their wits' end about what to say to make the difference and encourage and embolden my hon. Friend to make the changes that will allow the industry to continue.

It is not putting it too strongly to say that the under-10 metre fleet is now in a critical state—on the edge of the precipice. If nothing is done, the industry will fall below the critical mass necessary to sustain itself, with all the consequences that will have. I do not want to repeat everything that I have said in previous years, as I am sure the Minister is well enough briefed to know the arguments that we make every year, often repeated from the year before. Suffice it to say that that the fishermen of Hastings and Rye are part of a tradition that stretches back at least half a millennium. Some of the families who are still holding on can trace their ancestry back to the 18th century and earlier. They are proud not only of their profession, but of their towns, and I am too. Ports such as Hastings and Rye would be diminished beyond recognition without the active participation of a fishing industry.

It is therefore mystifying—and I genuinely do not understand this—why the arguments that have been put forward on behalf of the under-10 metre fleet do not lead to changes. I admit that I am biased and not objective about this issue, but those arguments are so cogent and obvious that I do not understand the problem. I know that the Minister has not long been in post and, like his predecessors, is a courteous and thoughtful colleague, but warm words and understanding are not enough. This time we need decisions that will allow the fortunes of my constituents and others in the under-10 metre fleet to flourish.

It is no coincidence that although Hastings still provides the largest beach-launched fleet in Europe, that fleet now has just 27 active participants, down from 44 just a few years ago. The young men have left the industry. I heard just yesterday of three grandfathers who have decided to pool their efforts in a single boat—each previously traded on their own—because that way they can make just about sufficient to supplement their pensions. That is not the way to run a profession or secure its future. There are wives and children to feed and mortgages to pay, and the paucity of provision that has been offered to the under-10 metre fleet in terms of quota is insufficient to maintain viable businesses.

Things have to change and perhaps I can explain a little more about some of the issues that so frustrate and anger my constituents who are so ill-treated by the system. The Minister will be aware that some 50 per cent. of the employment in the UK fishing industry is in the over-10 metre sector and the other 50 per cent. are employed in the under-10 metre sector. He also knows—although I will repeat it so that it cannot be misunderstood—that 97 per cent. of the quota is committed to the over-10 metre sector with less than 3 per cent. to the under-10 metre sector. I understand that within the channel and nearer to home the percentages are greater, but those are the bald figures. It is disappointing that so far our Government have not been able to change those figures, and it has become clear this afternoon that the Opposition would not make that change either. Somebody has to step in and do something. Direct action may be the next step, but let us leave that point for another day.

Until recent years, our conservation-minded small boat fishermen could eke a living as the quotas were not so strictly enforced. Estimates were made but that was it. Then came the buyers and sellers regulations, which mean that every fish is now measured. Of course, previously people were probably taking more than their strict permissions allowed, but they were getting by. Now that is no longer possible. In consequence, the quotas in the under-10 metre sector as converted to licence conditions are wholly insufficient, as has been the case for the past several years.

Essentially, the campaign is to ask the Minister to transfer some small part of the quota that is enjoyed by the larger producer organisations to the under-10 metre sector. I do not buy the idea that such property is incapable of transfer. The quotas are nationally owned assets, and they can be distributed by the Government in any way necessary. I understand that people who have borrowed money on their boats and the like in anticipation of future quotas must be taken into account—we must be sympathetic—but when one sector has 97 per cent. and the other 3 per cent., it is not a valid argument. Perhaps only a 2 per cent. transfer would save the under-10 metre sector and make very little difference to the larger boats—the difference would not be of sufficient importance to affect their viability.

I repeat: I simply do not understand why the Minister receives advice that such a provision is impracticable. Every Minister receives that advice, so there is a common trend and the outcome is always the same. The problem is that the advice will lead inevitably to legal action by the New Under Ten Fishermen's Association, a newly formed representative group. Although such action will be taken with great reluctance, the organisation simply does not have an alternative. That is the position.

I appreciate that the Minister is worried that simply transferring quota to the under-10 metre sector would encourage the owners of latent licences to take to sea, and thus have no real beneficial effect on the full-time professionals to whom I referred. In the over-10 metre sector, the Department has removed capacity by decommissioning, so my plea is for the same thing to happen in the under-10 metre sector. The capacity has been reduced in the over-10 metre sector, but the quota has remained, thus aiding it. I have been told that just £5 million would be sufficient—let us remember that we spent £160 million in the over-10 m sector—to purchase the licences of a significant number of the latent boat owners and still leave the quota behind in the under-10 metre pool. I can tell the Minister how to do it: simply, he goes to findafishingboat.com, where he will find that the totality of the licences on offer would cost less than £5 million. Consequently, a significant number of latent licences could be taken out of capacity.

I am not entirely convinced that an increase in quota would revive the interest of existing dormant licence holders. Why would it? There would have to be a significant increase in the number of fish available to bring back most of the boats that are out of service. Already, the under-10 metre sector licences have gone down from 7,000 to 3,000 by aggregate penalties, meaning the 10 or 20 per cent. reduction in catch potential when boat licences are aggregated. That is a natural process. Be that as it may, if there is a belief that reducing capacity is important, using findafishingboat.com could be a cheap answer.

At one time, there was the additional problem of owners of 10-metre boats who decommissioned moving to the under-10 metre sector. I am pleased to tell the Minister that the experience of my constituents is that that no longer happens. That is not surprising, because even those people could not make a living.

The fishermen in my constituency are upset that the Government seem unable to hear their pleas because, I am reliably informed, their French counterparts—the inshore fishing fleet of France—receive not 3 but 40 per cent. of a bigger cake. How can it be fair that in France the inshore fleet receives 40 per cent. when ours gets 3 per cent.? True, the French measurement is not strictly the same as ours, because its inshore fleet is not limited to under-10 metre boats, but the starkness of the comparison needs to be considered.

What is more, the French are simply not keeping to the rules. The port of Boulogne sends out fish price lists, and I have a copy here from August; the evidence is available. In it, the various fish available to the British market from the port of Boulogne are listed and priced. Under the heading "Cod: Gutted", there are no prices. There are simply the words "Plenty on black market!". The audacity of the French to note the availability of illegal, black market cod in that way without receiving any sort of reproach is a matter that I want the Minister specifically to take up. It is indicative of what our fishermen say is happening. Obviously, most of the evidence is empirical, but the fact remains that the small fishermen of France are surviving well and the small fishermen of the UK are not. There must be a correlation there. It might well be that the French and others are simply failing to enforce the rules that Brussels suggests.

The issue of cod has already been debated. I welcome the announcement by my colleague the Minister that certain technical measures may well be the answer, and I hope that they will lead to a quota increase, which is what fishermen in Hastings and I have been calling for. For now, however, there is no cod left to collect this year. That means that, this week, 90 per cent. of my constituents' catch was thrown back. That is an even higher figure than those we have already heard. The science makes it clear that the cod is there, particularly in area 7D, but, because it cannot be landed, it is being wilfully destroyed under the discard rule. There is no other word for that but "wicked". It is wicked to destroy fish in that way.

I want to explain why this is being done wilfully on the part of the Department, and why something needs to be done about it, at least for area 7D. Back in 2006, area 7D—the part of the channel in which the fishermen of Hastings and Rye fish—had a cod quota for the under-10 metre fleet of 214 tonnes. In that same year, area 4C in the southern North sea—the next area along—had a quota of 204 tonnes. If area 7D had a larger quota then, surely it should have a larger quota now. Because of the recovery of stock in the North sea, however, the quota for area 4C in 2008 has increased almost twofold to 385 tonnes, while in area 7D, the under-10 metre fleet may now catch only 53 tonnes. So while the North sea quota has doubled, the area 7D quota has been reduced by 75 per cent. That is simply not on.

On inquiring, I learned that the reasoning behind that decision, apparently made without any science, was that area 7D was being treated as part of the Irish sea—anyone who has visited Hastings will know that it is nowhere near Ireland—rather than part of the North sea, which is just round the corner. How can officials get things that wrong? They only need a map to be able to tell where it is. Of course, the science also tells us that the stock in area 7D is North sea stock, not Irish sea stock. Will the Minister deal specifically with this point?

Mr. Simon Burns (West Chelmsford) (Con): I fully appreciate the hon. Gentleman's frustration. He asked how the officials could have got things so wrong. Whether they did or did not, will he acknowledge that, whatever they did, Ministers approved it? Is he not frustrated that his Ministers, who have been in power for the past 10 years, are going along with officials whom he thinks have got it wrong?

Michael Jabez Foster: I am grateful to the hon. Gentleman for that intervention but, as the hon. Member for North-West Norfolk (Mr. Bellingham) said a moment ago, officialdom has been advising Ministers of both persuasions for many years, and it would seem to those of us who represent the fishing industry that they have all got it wrong. Perhaps that has been the only constant advice that has been coming through, although not from the current officials; they change, but I guess that the books remain.

Mr. Burns: The hon. Gentleman says that everyone has got it wrong, and by his definition that must mean both officials and Ministers. Why does he think that Ministers cannot see, as a result of his debating skills, that they have got it wrong and should do something about it?

Michael Jabez Foster: My ambition is that my hon. Friend the recently appointed Minister will get it right. That is why I am making this plea today, but the problem is that decisions have been made over the years that appear illogical. No answer has been given to me or to my fishermen constituents as to why that should be, so I cannot think that the situation that I have just described can be anything other than a cock-up. The idea that Hastings is in the Irish sea and not the North sea is clearly wrong.

I must try to watch my blood pressure, but I am not the only one who is angry. My fishermen friends are falling over cod, and it is not surprising that they are very angry. Those fish should be on our plates, not rotting at the bottom of the sea after being discarded.

[Michael Jabez Foster]

Someone said a moment ago that it was perhaps too much to suggest that one could walk on cod in the North sea. I do not know about the North sea, but there are shoals of cod in the English channel. I am told that they cannot be avoided because they are so plentiful, and that that is why 20 boxes have to be thrown away at a time.

I want the Minister to look right away at the problem that I have described so that the same mistake does not occur next year. We are in the North sea and not the Irish sea. The science is on my constituents' side, and I simply do not understand why we should allow that error to continue.

Finally, I return to the issue of the share-out. In area 7D and along the channel, the under-10 metre fleet is entitled to just 31 per cent. of the cod catch, whereas the over-10 metre producer organisations receive 69 per cent. I apologise to my hon. Friend the Minister for all these numbers, but he will have seen some of them in correspondence and I am sure that his officials will get the rest from *Hansard*.

An even more startling figure than the share-out proportions is that 93 per cent. of vessels in area 7D, and 86 per cent. of the work force, are in the under-10 metre sector. I repeat that they receive only 31 per cent. of the share-out, but members of the over-10 metre sector do not fish the 69 per cent. that they get: instead, they sell on the rights. They do not own those rights, which are simply the gift of the British Government, yet they sell them on, to the disadvantage of my constituents.

One of my constituents went out this week and said that he brought back seven sole and half a box of plaice but discarded 30 stone of cod. Another constituent discarded a quarter of a tonne of cod, and all those fish are dead at the bottom of the sea. If my hon. Friend the Minister wants to find a solution—and I think that he does—he must listen more to Paul Joy and his colleagues in NUTFA.

In fact, after I wrote my speech, the Minister met NUTFA and other representatives of the under-10 metre sector. I thank him very much for that, as I know that he is listening, but he must act as well. We must tell the European Commission that the French need to play to the same rules as we do, because the price list that I earlier called an incitement is a step too far.

Perhaps the best way of listening would be for the Minister to do what he suggested earlier and delegate to the industry responsibility for the division of quota as well as for the other technical matters to which he referred. Any industry body making those decisions should consist of the over-10 metre producer organisations, as well as representatives from NUTFA and the under-10 metre sector. Perhaps the industry would be better placed than anyone else to make those decisions.

I should like to think that I will have the opportunity to take part in this debate again next year. I hope that Hastings and Rye will still have a fishing fleet next year and so qualify me for that opportunity, but the abyss is coming ever closer. That is not scaremongering: we are at the end of the line, and this year we need answers, not comment or discussion.

I wish my hon. Friend the Minister well in his further discussions in Brussels. If he would like the rest of us to join him, we would be very happy to catch that Eurostar.

4.19 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I shall be brief, because there are just four things that I want to say, and two of them follow from what the hon. Member for Hastings and Rye (Michael Jabez Foster) has said. The fishing community along the Northumberland coast, although much smaller than it used to be, remains a significant contributor to the economy of the area and, importantly, provides families with a livelihood, so we need to address its concerns.

The main problem that the local fleet has faced this year in Northumberland, as in so many other areas, is the enforced discarding of prime white fish because of lack of quota availability. This year is shaping up very much like last year, with prawn fishing giving very poor returns, but the grounds awash with whiting and cod. Even the smallest under-10 metre trawlers are having to dump about 150 kg of cod and 300 to 400 kg of whiting per day, regardless of what gear they use. For that, they get as little as 100 kg of prawns and 100 kg of haddock. The fish that the fishermen are out to catch are effectively swamped by the fish that they cannot land and have to discard. They regard discarding as an unethical practice, damaging to fishing stocks and to the housewife who could buy the fish. That is not what local fishermen, and their forefathers, went into the industry to do. However, that proves that there is a lot of cod and whiting there.

Of course, as my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) pointed out, discards are a major issue in negotiations with Norway. It is a practice that Norway has consistently tried to avoid in its policies. It is a rather strong position to assert that future arrangements that are negotiated should not allow for large amounts of discard.

I referred to the second problem earlier in a brief intervention on the Under-Secretary—the issue of purchasing quota or licences when capping arrangements are under consideration. Skippers who have replacement vessels under construction are having great difficulty sourcing relevant licences within budget. The Department for Environment, Food and Rural Affairs proposes a two-tier system, allowing only those vessels with substantial track records to fish from the pool, so licence brokers have put up prices by as much as 60 per cent. The individuals concerned had made binding financial commitments to vessels before the consultation proposals came out. The effect of the consultation has been a serious increase in prices. The advice being given to the men is that they ought to go for only those grossly over-inflated licences at very high prices. That poses a difficulty for those who simply want to maintain a small, viable fishing fleet in the area.

The third point that I want to mention to the Minister concerns the consequences of the recent floods on the breakwater at Amble, which is part of the harbour on which local fishermen depend. We had most disastrous floods in Northumberland just a couple of months ago. In a debate that I introduced on 20 October, I drew attention to the state of Amble's south breakwater, which was severely damaged in the floods in ways that will be extremely difficult to repair. The work below the surface has been severely gouged out by the floods.

I asked for at least a preliminary indication of understanding and sympathy from the Department. Clearly, it cannot approve projects until they are fully costed and put in front of it, but I wanted some understanding, and I have not yet heard from the Minister on that. I do not expect him to respond to that point in the debate today, but I hope that he or one of his colleagues will write to me quickly, indicating that the Department understands the problem and is prepared to give it sympathetic consideration. The issue is important both to the fishing industry and the leisure marina, which is the other contributor to the harbour. In days gone by, Amble was a coal port. That, of course, is all over, and it is the fishing industry and the leisure industry that depend on, and have to sustain, the harbour works that make it possible to operate from Amble.

My fourth and last point, which has been referred to by one or two other hon. Members, is on the changes to the structure of sea fisheries committees. Most of the changes are welcome, and what is proposed looks like a sensible way to proceed. However, it is quite clear that in Northumberland there is no appetite at all for a body covering a larger area than the 70 miles of coastline that the Northumberland sea fisheries committee currently covers. We are anxious for the Government to take account of that. Indeed, the Minister himself gave the most powerful of reasons why the Government should do so, when he said—I think that I am quoting him fairly accurately—that fisheries are best managed by people with local knowledge. That is the situation in Northumberland, and in the sea fisheries committee; it is a situation that we want to carry into new, stronger and better arrangements. I hope that the Minister will take that point seriously, and will consider those four matters, along with the many others raised in this important debate.

4.25 pm

Shona McIsaac (Cleethorpes) (Lab): Thank you for calling me to speak in our annual fisheries debate, Mr. Deputy Speaker. I welcome the Under-Secretary to the Front Bench. I am sure that he will hear a great deal from me and my neighbour, my hon. Friend the Member for Great Grimsby (Mr. Mitchell), on fisheries.

Today, I do not want to focus on the normal fisheries issues. I note that the Minister paid tribute to those who were lost at sea when he opened this afternoon's debate, as did the hon. Member for Leominster (Bill Wiggin). I want to pay tribute to a stalwart campaigner on behalf of Britain's fishermen and fishing industry, Dolly Hardie, who passed away a couple of weeks ago at the age of 88 in Diana, Princess of Wales hospital in Grimsby and whose funeral was held on Monday.

Dolly was of the sea. Her family were born into the fishing industry in Grimsby. Indeed, her father lost his life at sea during the second world war, when trawlers accompanied other vessels across the Atlantic. Dolly's husband Bill was a skipper, and her son is also a skipper. She took up the fight on behalf of the fishermen of this country, particularly in relation to distant-water trawlermen. She campaigned to get those trawlermen compensation after they lost their livelihoods following the cod war. She never gave up and was a true fighter for the cause, and she recruited my hon. Friend the Member for Great Grimsby to that cause. When I was a newly elected MP, she was one of the first people to come to see me, because she wanted to ensure that I was onside in that great campaign.

Eventually, we got the Government to agree to compensate those who lost their livelihoods. It later transpired that there were problems with the scheme, and not everyone has received their full entitlement yet, but we hope to resolve those problems.

Mr. Austin Mitchell: I join my hon. Friend in paying tribute to Dolly Hardie, who was a wonderful fighter for the fishermen of Grimsby. There will be a great gap in the new Minister's life, because he will not receive letters from Dolly Hardie telling him how to run his Department, how to run the fishing industry and what to do about the fishermen.

Shona McIsaac: I thank my hon. Friend and neighbour for that intervention. Considering that he worked alongside Dolly for far longer than me, it is vital that he has put that on the record. When Dolly received her MBE from the Queen, the Queen pointed out that it is most unusual to award a woman an MBE for her services to the fishing industry. Dolly would have had a little chuckle to herself to see that I am the only woman Member in the Chamber today speaking up on behalf of the fishing industry.

That got me thinking about the contribution that fishermen have made over the years to the freedoms and liberties that we enjoy today. At the beginning of the debate, we paid tribute to those fishermen who lost their lives in the past year. A few weeks ago, I dare say that we all attended memorial services on Remembrance Sunday. An enormous number of men from areas such as Great Grimsby and Cleethorpes lost their lives at sea during the first and second world wars. We often think about the number of people lost in the trenches, but when a ship went down all hands were usually lost. Hundreds of names are inscribed on memorials and in churches in Grimsby, Cleethorpes, the surrounding villages and, no doubt, around the coastal areas of Britain.

The trawlers were an easy target, and many hundreds of people lost their lives. Even now, the profession is dangerous and carries a high death rate, so, today, I pay tribute to them for everything that they have given this country, and, as I said earlier, I pay tribute to Dolly Hardie, one of the best fighters for fishermen in this country. She was Hardie by name and hardy by nature, and we in our community will truly miss her.

4.30 pm

Mr. Robert Goodwill (Scarborough and Whitby) (Con): I, too, welcome the new Minister to his role. We seem to get through Ministers fairly quickly, perhaps because they get burned out by the frustrations of trying to negotiate using the sensible points that Members from all parts of the House make—points which it is sometimes hard to get through to the European Commission.

This debate is a depressing re-run of other debates that I have attended over the years. The same issues come forward again and again, and, again and again, the issues are not addressed when an agreement is made. We talked at length about discards, a measure that is supposed to conserve stocks, but actually results in their destruction. Fishermen from Whitby and Scarborough in my constituency tell me that the problem is not just that they discard fish that are under-sized or of the wrong species, but that, now, an increasing

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number of fish of a perfectly legal landing size are discarded so that larger fish with a better market value can be landed instead.

We heard how the industry has declined over the years. The Minister's figures demonstrated that while the number of fish being landed had declined, their value had gone up, but that did not compensate for the massive increase in gas oil over the summer, which made it difficult for many skippers to decide whether to put out to sea. The situation has been made even worse by the big subsidies that the Spanish and other European Union competitors have received. The fact is that the common fisheries policy has failed: it has failed in recovering stocks, it has failed our fishermen and, in many ways, it has failed to preserve the marine environment. We should look to Iceland and Norway, although not, as the First Minister of Scotland suggests, as a model for financial services.

Mr. MacNeil: I should like to hear a word of criticism that the hon. Gentleman might have about financial services in Norway.

Mr. Goodwill: I thank the hon. Gentleman for his intervention. I would not criticise Norway. When I was in Glenrothes, however, there were comments about how an independent Scotland had been compared to Iceland, with its successful financial services industry.

Iceland and Norway certainly lead the way in conserving fish stocks, and ideas such as landing everything, and technical measures such as long-lining or better nets all deserve consideration. Talking to a skipper in Scarborough yesterday, I was absolutely appalled to discover—the Minister may well wish to confirm this figure—that this year, 18,000 tonnes of cod have been discarded. Even worse, given that we in Yorkshire take money very seriously, that is valued at £5.4 million—income that could have gone to our fishermen.

Quota increases need to be understood in the context of many years of reductions. For example, a boat that originally had a quota of 100 tonnes is now down to about 18 tonnes, and a 15 per cent. increase would raise that amount only to 20 tonnes, so the situation is still very difficult. We have heard about how, in the opinion of some fishermen, it may be possible to walk across the North sea on the backs of the cod, but we also hear from some scientists that there is hardly a fish left in the sea, so the Minister has a very difficult job in trying to define a route through those two different points of view.

One of the problems is that the scientific vessels understandably use the same gear and go to the same part of the sea when they go out to do the research, and they do not catch any fish. In September, interesting work was done out of Whitby. One of the scientific ships, the Cefas Endeavour, went out for a semi-pelagic trawl—that is, a trawl just off the bottom—along with the Our Lass II, one of Mr. Arnold Locker's vessels, which was using its own gear. When the vessels came back, it was discovered that the scientific vessel had caught only 8 per cent. of the number of fish caught by Mr. Locker's vessel. Mr. Locker's vessel had caught more than 10 times as many.

Moreover, the Cefas Endeavour did not catch any juvenile fish—fish of less than a year old—but Our Lass II caught 10 boxes' worth, weighing 400 kg. The disparity cannot even be put down to the power of the vessels, because the Cefas Endeavour has a 3,000 hp engine, whereas the engine of the Whitby-built Our Lass II has not much more than 500 hp. When the same experiment took place in January, the scientific vessel caught 15 per cent. of the fish caught by the Whitby vessel. The Minister should draw conclusions from that research; when fishermen say that there are a lot of fish out there, they are often not going out of their way to mislead people on purpose.

The hon. Member for St. Ives (Andrew George) raised a point about the 10-metre vessels, and I want to raise the same issue. Many of the boats that operate out of Whitby and Scarborough are now primarily lobster and crab vessels. There are good stocks of shellfish out there and prices have been good although, as we have heard, they are not so good now. That is due to the increasing cost of credit and the cost of transport—many lobster caught in Whitby are transported to Spain, and that has resulted in prices being depressed. By the way, given that prices are low, now may not be a bad time to introduce a new V-notching scheme for lobster.

As I said, many of the vessels do not go out primarily to catch white fish, but they do catch cod. They catch cod during the summer because they use static lobster pots, which catch some cod. During winter, they put out gill nets at slack water to catch white fish as well. So from November to Easter the vessels catch cod. During the summer they and the merchant do not have to declare a catch of less than 25 kg, but during the winter catches of such fish are an important aspect of their work.

As I understand it, the Minister is trying to root out quotas that are not being used and are preventing latent capacity. He needs to be careful in considering the vessels that do not catch a lot of white fish, because the fishermen involved are still full-time workers to whom white fish are important although they catch shellfish most of the time. There are also the genuine part-timers who do not necessarily rely on fishing for their primary income. The amount of fish landed by such vessels is already looked at, but there should also be analysis of the accounts to see who the full-time fishermen are. That would be useful. We should not eliminate the full-time fishermen who have turned to shellfish catches because of the uncertainty about cod stocks.

Fishing is important to my constituency, not only because of the people out at sea but because of the jobs onshore. The quay at Whitby has a new shellfish holding facility and that is helping us develop our export markets—not only lobster and standard crab, but the velvet crab that we previously had difficulty holding in good condition for export. There are also jobs onshore in processing. Recently, I visited Whitby Seafoods, famous for Whitby scampi; the company processes 3,000 tonnes of fish annually and has a £15 million turnover. Interestingly, unlike the processing plants in Aberdeen, every single one of the 130 staff at the Whitby Seafoods plant is a local person. The company is being developed positively by the Whittle family.

There is also a boat building facility at Parkol Marine Engineering; perhaps when the Minister finds time in his busy diary, he will come to Whitby. We will show him some of the success stories as well as the difficulties faced by fishermen in Whitby. I shall be delighted to stand the fish and chips myself. Parkol is now on vessel No. 25, and it is truly leading the field, exporting many of its vessels north of the border. Its current vessel is a twin-rig trawler for Mr. John Clark. It is continuing the long tradition of shipbuilding in Whitby, stretching back to the days of Captain Cook.

Every port that lands fish must have an ice factory. Because of the dwindling amount of fish being landed in Whitby, the economic viability of its co-operative fishermen-owned ice factory is in some doubt. We need to consider that fact carefully. It was particularly frustrating this summer when a French vessel was landing whiting, which our fishermen could not go out to catch, and its crew did not buy any of our ice because they had ice-making facilities on board.

I look forward to the introduction of the marine Bill. What are the Minister's views about recreational fishing in marine conservation areas? We do not want commercial fishing in an area where fish can spawn and where we can conserve that vital environment. Conservation is at its best in on-land areas where, for example, shooting takes place. I hope that the Minister will consider that recreational fishing, which also plays an important part in the economy of Whitby and Scarborough—with people going out on day trips, and even longer trips—should be allowed to take place in those areas, obviously with certain controls.

Finally, let me pay tribute to the work of the RNLI. We have two lifeboat stations in my constituency. Many of the people who crew those boats are fishermen, but many are land-based. When we have disasters out at sea or ships in difficulty, they are never hesitant to go out and rise to that challenge.

4.41 pm

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I, too, welcome the Minister to his new role. Although I have only been in the House since May 2005, he is the third Fisheries Minister with whom I have spoken in these annual debates. The hon. Members for Exeter (Mr. Bradshaw) and for Chatham and Aylesford (Jonathan Shaw) both had difficulty pronouncing the name of my constituency, but I am certain that the new Minister will have no difficulty whatsoever. He has brought a good tone to the debate that is appreciated on both sides of the House.

My constituency is an island and a maritime constituency, whether that relates to merchant seamen away for weeks, or sometimes months, oil workers in the North sea or, closer to home, fishermen around the islands, some of whom fish much further afield. Given that the population of my constituency, which is, in effect, the Outer Hebrides, is the smallest of any parliamentary constituency—although geographically it is probably one of the largest, being the length of Wales; my office is 150 miles from my house—I have known many of these fishermen for quite a while, some of them since before I came into Parliament; indeed, I attended primary school with some of them.

As I am sure the Minister is aware, the main concern in my constituency is the threat to the sustainable and successful Scottish langoustine, or prawn, fishery. The original plans, as they emerged from the Commission, seemed to involve closing the west coast fisheries. I hoped we were moving away from those plans, which were rightly described as draconian. According to John Hermse of Mallaig and North West Fishermen's Association, such a closure would have meant the tie-up of a staggering 400 boats from Kinlochbervie southwards. Duncan McInnes of the Western Isles Fishermen's Association has pointed out that that would include 50 boats in my constituency alone. If that were done, it would be a "Ravenscraig". It would be worse than a major commercial bank failing in the City of London. It would be utter devastation. For fishermen, it would be a choice of curl up and die, or disobey whatever regulation or rule had been imposed. I was pleased to note the Minister's words earlier.

Some strand of alarmist talk emerges from the EU annually. That does the EU and, particularly, the common fisheries policy, no favours whatsoever, and it is annoying and alarming for those of us who are involved. The EU CFP has little credibility anywhere in the world, and such pronouncements do not help it in any way, shape or form. The hon. Member for Great Grimsby (Mr. Mitchell) pointed out that we are giving away £3.3 billion in the value of UK fisheries that are transferred elsewhere in the EU. That might be one of the reasons why the Scottish Fisheries Minister wants to get out of the common fisheries policy—a large part of that £3.3 billion will come from Scotland.

Western Isles fishermen feel that there should be a roll-over of the prawn quota—the total allowable catch—this year at the same level, which is also the position of the Scottish Government. According to the Western Isles Fishermen's Association, the TAC has been set using some of the most up-to-date surveying work, which employs television surveying. Scientists say that stocks are healthy, so there is no scientific justification for a cut. I am glad that the Minister said that there will be no blunt cuts. Scotland has been leading the way on the use of selective gear and real-time closures.

I am glad that the Minister plans to visit the west coast of Scotland soon, and I invite him to Stornoway for a number of reasons. As the hon. Member for Great Grimsby said, the Minister should hug the industry close, and he is more than welcome to come to Stornoway to try to do that. There is an airport close to the harbour, so it will be quite easy for him to get in and out; there is a large fishing vessel fleet of the type we are talking about; and as it is my constituency, I will ensure he gets a very good welcome.

After I intervened earlier, the Minister said that he would like to discuss west coast issues with me after the debate, and I appreciate that. It is an example of the tone that he has brought to the debate, to which I referred earlier. It is a tone of co-operation, allowing us to work through the problems as they emerge. If he goes to Stornoway, fishermen might point out the nature of the Swedish grid, which is emerging as a possible solution to some of the difficulties that have come out of the Commission. Fishermen feel that those have been unsuccessful in Denmark, and that they might even be dangerous. I do not know whether they are or not, but I feel it would be remiss of me not to pass that information on to the House, as safety concerns are paramount in the fishing industry. It is an industry that really does not need any more dangers.

The industry in Scotland has led on conservation measures. Fishermen are already recommending 110 mm rigid panels 15 to 18 metres from the cod end. I am sure that the Minister already knows those details, but it is important to put them on the record. Any

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species recovery effort on the west coast must use a recovery plan and not result in the displacement of fishermen or the culling of fishermen's jobs.

Another conservation measure that has emerged in the fishing industry in the islands—the Minister referred to the importance of local solutions to particular difficulties—was touted to me by one of the fishermen I mentioned at the outset, a man who was in primary school with me. It is a call for a restriction on horsepower in the Minch to about 500 hp. Donald Archie MacNeil, a fourth cousin, has been instrumental in calling for a horsepower restriction. He was probably the first person to mention it to me. The Western Isles Fishermen's Association supports it, as does the Mallaig and North-West Fishermen's Association. Processors in the islands support it as well, and given the breadth of support, I hope that the Minister will consider the idea. Bigger and faster boats give the fish less chance to escape from the net when they are trawling. The prawn fishermen of the Western Isles have come up with their own solutions, and I hope that they will be listened to.

We come back to the problem of discards. When I was a child, and perhaps long before that, discarding would be termed a sin, plain and simple—a waste. We need accurate data on discarding. We still need to know what the cod discard was last year. Discards have been blamed for some changes in the eco-system. The bonxie, or great skua, has grown in numbers and is devastating the populations of many other seabirds. According to a report in *The Scotsman* a couple of weeks ago, that rise in numbers could relate to the tonnes and tonnes of fish that are discarded at sea. It seems that they are not just rotting in the sea; something is feeding on them, and it could be the bonxie. Anyone who has seen this ferocious bird knows that it will attack anything, including man. It would be galling if the practice of discarding were not only causing fishermen to lose money, but causing extra damage to nature as well.

I draw the Under-Secretary's attention to the specific west coast issue of the dogfish—the spurdog, which also turns up in many shops as rock salmon. Dogfish is not a targeted fishery in the west coast of Scotland. It has a TAC of 739 tonnes, but, crucially, no landing can include more than 5 per cent. dogfish. Consequently, between October and February, many dogfish, which end up in nets—that cannot be avoided—are dumped. According to fishermen, probably only 25 per cent. of the annual TAC is caught, so many tonnes of fish which do not even exceed the quota are dumped. If the Under-Secretary could tackle the 5 per cent. rule, that would go some way towards making the improvements that fishermen want.

Scottish fishermen have welcomed the cod recovery plan, although it is challenging and I still have reservations about its science, and, as the hon. Member for Orkney and Shetland (Mr. Carmichael) said, the age of the science. I hope that it will enable more fish to be landed, if discards are tackled and real-time closures are included. Richard Lochhead, the Scottish Fisheries Minister, has described it as "trailblazing", and I am sure that all hon. Members wish it well.

We anticipate further problems from Europe with the special areas of conservation around some of the islands at the southern end of the Hebrides. A deaf, bullying and bureaucratic Europe appears to steamroller them out, with little consideration for local opinion. It is almost de rigueur for Europe to devise such proposals, regardless of local feeling and the damage that could be done to an already fragile economy. I hope that the Under-Secretary will take cognisance of local communities' concerns, make representations in Europe about them, and note that, for centuries, we in the Hebrides have balanced our needs with nature's needs and nature's power, which we know only too well.

There is another problem in the islands, which I will demonstrate to the Under-Secretary if he comes to Stornoway. Perhaps he can use his good offices with the Treasury to address it. Fishermen in some ports pay duty on the fuel as they buy it and have to claim it back, which leads to cash-flow problems and several other difficulties for them. Establishing the principle of all fishermen accessing duty-free fuel would be a great and welcome help to the fishing industry. It would probably cost the Treasury nothing and save some extra bureaucracy.

The hon. Member for Orkney and Shetland mentioned helicopters. The change to the Sikorsky S-92 has meant several limitations. Safety is important and, from time to time, helicopters have to come to the aid of people who are fishing, so we want to ensure that the current helicopter is as good as previous one.

I have mentioned the nephrops quota, roll-over, conservation measures, real time data, gear, horsepower and discards.

Mr. Carmichael: I sense that the hon. Gentleman is reaching a conclusion and before he sat down I wanted to congratulate him on a measured speech, which is remarkably lacking in a partisan tone. On reflection, does he believe that some early, unilateral initiatives, such as the moratorium on quota transfers, were perhaps a mistake, in that they were partisan? If they were not a mistake, what does he believe that they have achieved?

Mr. MacNeil: I thank the hon. Gentleman for his intervention. He knows that a consultation is going on and that the results will appear soon. However, he understands that fishing in Scotland is community and family oriented. We want to maintain the fisheries quota in Scotland—I hope that he agrees that it should not be lost to Scotland. The SNP Government have done the responsible thing in seeking ways to keep that quota in Scotland, close to the communities and families that especially benefit from it, so that their birthright is not lost.

I mentioned discards of cod and especially dogfish, and I hope that the Under-Secretary will consider that. I wish him well in his negotiations. Outside the Chamber, we have always got on personally since I arrived in Parliament—I hope that that is not a career-hampering endorsement. The hon. Member for Orkney and Shetland said that there was little partisanship in my speech, but I have left it for the very end—I assure hon. Members that it is gentle partisanship, however. I want the Minister to imagine being at the top table in Europe with his friend the Fisheries Minister from an independent Scotland, alongside the Irish Minister, and to think how much stronger the voice from the British Isles would then be.

4.55 pm

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate the Minister on his appointment and the approach that he has taken in his job.

My constituency is on the west coast of Scotland, just south of that of the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil), and many of the problems to which he referred have been raised by the fishermen in my constituency, too. The current Commission proposals for 2009 could put the entire fishing fleet in my constituency out of business, other than those vessels using only creels or pots. The Commission's proposals are to ban fishing on the west coast inside the 200-metre contour line unless certain conditions are satisfied. However, as nearly every fishing vessel that operates from a port in my constituency fishes inside that line, the effect would be devastating on the industry and the wider community.

The condition that the Commission has proposed which causes the problem is the one that I raised with the Minister in my earlier intervention, namely that if vessels were allowed to fish within the 200-metre contour line, the Swedish grid would have to be incorporated in the fishing gear. However, hardly any effort has been made to assess the effectiveness of the grid in the conditions off the west coast. The Clyde Fishermen's Association is concerned that it will prove impossible to incorporate the grid into its members' fishing gear. The problem appears to be the grid's rigidity when fitted to vessels of the type used off the west coast.

New ideas such as the Swedish grid should not be introduced unless they have been thoroughly tested and proven to work safely under the exact conditions in which they will have to be used. I was encouraged by the Minister's response to my intervention and wish him well in his negotiations in Brussels. I hope that he will be able to block the regulation, because the grid simply has not been properly tested.

The Clyde Fishermen's Association has put forward an alternative proposal, which is to increase the size of the square mesh panel from 90 mm to 160 mm, which would allow the cod to escape while still catching nephrops. That is the same objective that the Swedish grid is supposed to achieve, so I hope that the Minister will give careful consideration to the Clyde Fishermen's Association's alternative proposal. The Clyde fishermen fish for nephrops, whose stock is healthy. The Commission's reason for introducing the Swedish grid is to prevent cod by-catch. However, previous studies have shown that the cod by-catch when fishing for nephrops off the west coast is negligible. Increasing the square mesh panel to 160 mm would achieve the same ends as the Swedish grid, but unlike the Swedish grid, it is proven technology. I therefore urge the Minister to do all that he can to block that untested proposal.

Another concern of the Clyde fishermen is the proposal to cut the nephrops total allowable catch by 15 per cent. The proposal seems to be based purely on average landings from recent years and not on any scientific evidence that the nephrops stock is in danger. However, basing the future TAC simply on landings from previous years is a badly conceived principle—it is known as the "use it or lose it" principle—and should be rejected. A TAC should be based on scientific evidence. I also understand that there is a proposal on the table to reduce the fishing effort by 25 per cent. However, in view of the healthy nephrops stock and the insignificant cod by-catch, there seems to be no justification for that proposal, so it, too, should be opposed.

Let me turn to the effects of the credit crunch on the fishing industry. I was on the isle of Tiree in my constituency a couple of weeks ago and spoke to fishermen there. They fish for velvet crabs using creels. There are several boats based on the island so, bearing in mind its smallness, they provide employment to a significant proportion of people living there. The same applies to many other remote communities around our coasts. The crabs are exported to Spain, but the effect of the credit crunch has been to halve demand, which clearly puts at risk jobs on the island of Tiree and in many similar communities. The velvet crab market seems confined to Spain, but this is a good, healthy British food, caught sustainably in British waters, and we should encourage more people in this country to eat more such food. I thus urge the Minister and his DEFRA colleagues to mount a campaign to persuade people in Britain of the benefit of eating British crab—a healthy food, caught sustainably, as I said—and at the same time to save jobs all round the British coast.

Finally, I turn to the future of the common fisheries policy. I was encouraged by the Minister's approach. We need to move from regional advisory committees to regional management committees and I certainly wish the Minister well in following that approach. I also wish him well in the December Council. As I said, I am encouraged by the approach he has adopted: all power to his elbow.

5.1 pm

Andrew George (St. Ives) (LD): It looks as though I am the last to speak in this debate before the concluding speeches start. I commend the Minister for his approach to his new brief on his first outing at the Dispatch Box. It is also an enormous pleasure to follow my hon. Friend the Member for Argyll and Bute (Mr. Reid), who has always been assiduous in his support for fishermen in his area. My constituency is not quite as widespread as that of the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil), although it extends some 80 miles from west to east and most of it is on the sea.

My first point is about the nature of the debate. In taking interventions, the Minister was apologising for the extent of his speech, but when we debate fisheries matters here, there is an argument for trying to find a different structure and perhaps for having a debate closer in style to that of a scrutiny Committee. This is a debating Chamber, not a speechifying Chamber, and I believe that it is the interchange between Members and the Minister that provides the greatest value. Frankly, I would not mind significantly curtailing my own speech—I will try to keep this one as brief as possible—in order to give the Minister even more time. I managed to intervene only twice on the Minister and I would have been happy to get in a few more times in order to encourage him to address the most important issues that need debating.

I want to cover some of the big picture stuff. The Minister mentioned the common fisheries policy reform for 2012, and I am keen to debate the issue in Government time, particularly when we have an opportunity to crack the inshore issues. We in the UK are always keen to ensure that we have the opportunity as a nation to

[Andrew George]

manage our fisheries within the 12-mile limit. I understand that the French are putting forward proposals to do the same. I hope that we will have an opportunity to address inshore issues and the 12-mile limit.

Mr. MacNeil: Does the hon. Gentleman believe that the UK has the capability to manage its fisheries in a 200-mile limit?

Andrew George: That is a question for another debate. I want to keep this debate within the realms of reality, if the hon. Gentleman does not mind. Let us stay on this planet for the moment.

My next point concerns regional management. As many of my hon. Friends have pointed out, there has been a strong push towards converting regional advice to regional management. I hope that the Minister agrees that cracking that and cracking the inshore issue are two important tasks that need to be addressed in the future negotiations.

I mentioned a few inshore issues earlier. The Minister responded by saying that hard decisions were needed on the management of the under-10-metre sector. I hope that those decisions will result from listening to what the sector has said during the consultation. Many representations have been made, and there are extreme and serious concerns about the way in which the Government may be implementing controls and regulations.

I also want to say something about the marine Bill. I intervened on the Minister earlier to ask about the proposals for the alteration of sea fisheries committees and for inshore fisheries conservation authorities. They are welcome in many respects, but I am anxious for him to take account of the importance of maintaining the geographical coverage and boundaries of the present sea fisheries committees. My constituency, unlike other parts of the country, contains two of those committees.

There was a good illustration of the importance of separate sea fisheries committees a few years ago, when the Isles of Scilly took action, through both fisheries management and a marine conservation measure, to control the extent to which scallop dredgers were scouring the sea bed in their area. I doubt that that important conservation measure would have been introduced if the matter had been considered on a wider basis, beyond the Isles of Scilly.

I hope that the Minister will not concern himself only with resources. Sea fisheries committees share professional capacity and resources and operate reciprocal measures in a sensible way. For instance, the Cornwall fisheries monitoring vessel is shared by Devon and the Isles of Scilly. I hope that he respects that arrangement.

Mr. David Drew (Stroud) (Lab/Co-op): This point may have been raised earlier in the debate, but unfortunately I was unable to be present until now.

I am sure that the hon. Gentleman is aware of the unease among those who currently work for the Marine and Fisheries Agency but are to be moved to the marine management organisation. Anyone who has not yet picked that up ought to do so, because there is widespread unease. The Public and Commercial Services Union is campaigning on the issue, and the Government ought to take cognisance of it as well.

Andrew George: The hon. Gentleman is right: the matter was raised earlier, by the hon. Member for North-West Norfolk (Mr. Bellingham). It is an important issue, and I am sure that the Minister was listening when it was raised.

I want to say something about the under-10 metre regulations, and in particular about the concern about the period between July 2006 and January 2008. For 12 consecutive months, a 300 kg limit has been used as the measure for each species. That is the measure against which it is decided whether a vessel is entitled to fish a particular species. It is a question of maintaining a quota rather than fishing within a 300 kg limit. What worries many in the under-10 metre sector is that, especially as the measure is retrospective, it could have a number of consequences, which might be unintended but would certainly be inequitable. Inevitably, a large number of fishermen during that period will have fished non-quota species, many of which have been mentioned: bass, crab, lobster and gurnard. The Minister must understand that a lot of those fishermen are catching as a by-catch many of the quota species as well. In Cadgwith in my constituency, there is a cove fishing community with eight boats and 12 men working all year round that is essential to the economic viability of that community and it could be seriously undermined by these proposals. Whole communities may be seriously affected. It may seem small beer in the whole scheme of things, but for that community it will be significant.

For the very low impact fisheries such as mackerel handliners, there are serious concerns as well. They have been told by the Department that the 300 kg limit would not apply to mackerel handliners but in fact the secretary of the South West Mackerel Handliners Association, David Muirhead, was told in a letter only last week that the limit will apply to mackerel handliners. If we wanted an example of a stone age, low impact fishery, the mackerel handliners would be the best case in point.

I hope the Minister will take into account that the proposals to control the leasing of quota, particularly in the under-10 metre sector, will not save any fish. Now, in that sector, fishermen are catching fish and then leasing quota to allow them to be landed. In future, they will still catch the fish but they will discard them. I hope that he will take some cognisance of that as well.

It was proposed from the south-east sector originally that the best way of eliminating latent effort is for the Government to buy up licences, not to decommission the vessels. The boats could then become pleasure boats or something else. I hope that the Minister will look at that as an alternative to the measure that is currently proposed. The Prime Minister and the Chancellor are keen to establish a good fiscal stimulus in the economy. What could be a better fiscal stimulus than buying the licences of the under-10 metre sector?

I do not wish to detain the House, but in relation to the offshore sector in an area such as mine, the use of the blunt instrument of quotas needs to be looked at. I think that the Minister said that about 70 per cent. of fish are imported into this country. Let me tell him that the majority of the fish caught in Cornwall are exported to elsewhere in Europe—to France, Spain and elsewhere. We have a mixed fishery. The impact of the quota system on the mixed fishery, given the relative stability tenets that have affected the western waters, means that our fishermen are discarding a tremendous amount of fish. The proposals for the allocation of quotas for this year, particularly cod and other fish, will not save a single fish. Those fish are being caught anyway and will be discarded. I hope that the Minister looks carefully at that.

The hon. Member for Na h-Eileanan an Iar—*[Interruption.]* I am sure that the hon. Gentleman would not be able to articulate many of the place names in my area, although we are fellow Celts. He mentioned spurdog and porbeagle sharks—they are also in my area—being given a 100 per cent. cut in TAC. That will not save a single spurdog or porbeagle shark. They are caught as a by-catch and are not a targeted fishery. It is quite insane to go ahead in the way that the Commission seems to be proposing.

Mr. MacNeil: The upshot of what the hon. Gentleman is saying is that spurdog discard will be great, and anything that is caught will be discarded.

Andrew George: That is absolutely right.

I wish the Minister well in his future negotiations, and I hope that in the new year he will give the House an opportunity to debate in Government time the common fisheries policy and the inshore fisheries. If he is to make some hard decisions, we need to debate them in this House.

5.15 pm

Huw Irranca-Davies: That was a very good contribution to end on, and I personally would welcome the opportunity, through the usual channels, to talk in the new year about some of the issues in common fisheries policy reform that are fundamental to our long-term vision and the implementation of sustainable fisheries measures.

The breadth, scope and expertise of today's contributions have shown that this has been a valuable debate. It has highlighted some of the immense challenges in the industry, such as those to do with the under-10 metre fleet, the larger fleet, longer-term reform, and global issues and our responsibility to international management of the seas. I am very grateful to all Members who have contributed; I shall try to deal with as many points as possible, and I apologise if I fall into my normal approach of going off like a machine gun to get through them. If I do not deal with every issue, I promise that I will continue a dialogue on them with Members. I must have taken a dozen or more interventions when I spoke earlier; I would have taken more, but I also wanted to hear Members' full contributions.

Let me deal first with the contributions of other Front-Bench Members, and the interventions on them. Science has been a theme in our debate. There has been much comment on the different views on the state of the fish stocks between science and fishermen. I take on board the point that there should not be any difference. We are trying to get the most accurate interpretation so that when we go into the negotiations, we are not playing catch-up but are presenting the most authoritative science to the Commissioner in a well argued way. That is, in fact, why we have done well in the negotiations we have just had: he has been convinced not only by what we have been saying based on the findings of the International Council for the Exploration of the Sea and others, but by what our fishermen have been reporting. I am keen to improve understanding of the science, however, and my Department has now established and supports the continuation of the fisheries science partnership, which promotes joint working between scientists and the industry, and that is starting to feed in to ICES advice. I want that to continue.

Bill Wiggin: ICES is funded by DEFRA to some extent. Will the Minister look into how he can use that influence to improve the quality of the recommendations that come out of ICES?

Huw Irranca-Davies: I will certainly continue to look at all the available science, including that from ICES. We should not denigrate the work that ICES does, because it provided a strong bargaining position as we went into the negotiations; it helped us in many ways. We always look to improve the science, however, and to work with the industry, and I hope that shows.

The issue of the multiplier across the industry was raised. We estimate that for every job directly in the fisheries there are at least 10 in wider onshore employment. Employment in the fish-catching sector stood at 12,700 at the end of 2007, the corresponding figure for the fish-processing sector is about 15,000 people, and almost 28,000 jobs are directly involved in the fishing industry. We estimate that there are a further 110,000 jobs in sectors that exist directly as a result of the fishing industry, such as shore services and gear manufacture. That is a substantial number of jobs, and it is why we are having this debate today. This is not only to do with conservation of the seas; small and larger communities inland depend on the fishing industry.

The debate has, by and large, been unpartisan, and I intend to keep it that way and to continue that spirit in my ongoing discussions. The Department was, however, accused of lacking ambition in a number of ways, not least on discards. However, I say to the hon. Member for Leominster (Bill Wiggin) that what we are doing on discards—what the Scottish fleet is doing on that—is what has helped us to get to our current position, driving forward in negotiations with Commissioner Borg and winning the argument about how to proceed in an intelligent way and achieve sustainable fisheries. We are not complacent and we do not lack ambition, and when we go into common fisheries reform we will drive forward again. We have come out of these negotiations with the big ask for the fisheries of a 25 per cent. mortality drop, but that is coupled with advances in the way we tackle discards, and I know the hon. Gentleman agrees with me that that is the way forward. The Government are not lacking ambition, and we will make progress with his support and that of other hon. Members.

The scale of the discards has been discussed by several hon. Members. In 2007, North sea fleets discarded 23,600 tonnes of cod. As I mentioned at the start of this debate, that is a disaster not only for people who hear those figures but for the fishermen, who do not want to discard. Some of our pilots, not least within the inshore fleet, have taken a more innovative approach to dealing with discards, based on landing what one catches and the close monitoring of those vessels. When I have met those involved, I have found the response to that encouraging. They see our approach as the way forward,

[Huw Irranca-Davies]

and we will build on it. We have run two discard pilot projects in recent years, the first of which was on the north-east coast prawn fishery—a copy of the details of that project is in the House of Commons Library. The second was a joint project on the Irish sea involving the UK and Ireland, and we could talk more about that. We are seeing that our approaches are successful and that they are helping us.

A number of hon. Members rightly raised the issue of the displacement of effort. We need to examine it, as it no use putting in place measures that just move the problem along. A general reduction in effort, which we are examining under the revised cod recovery plan, should ensure that the displacement of effort for which there is scope does not occur. These restrictions limit an effort by these vessels whether or not they are catching cod, and that principle becomes interesting when we consider what we do with other fisheries.

I am dealing with some of the issues raised in interventions, so let me turn now to the eliminator trawl. That new trawl, which was developed in America, keeps cod out of the net but retains other white fish. It has been trialled effectively in the North sea, and some vessels continue to use it effectively. I know that Scottish colleagues are looking at variations of it that are better suited to hard ground. The eliminator may have some of the answers, and it is one part of the solution.

ICES' advice on the Irish sea, North sea and west of Scotland nephrops is for cuts of 13 to 26 per cent. The initial Commission proposals are for 10 to 15 per cent. cuts, although, again, the full hand has not been revealed. I said at the outset where the Government intend to head on these negotiations with the Commission. The fundamentals must relate to balancing the needs of the stocks—not only next year, but in the long term—and the fisheries. I shall remind the Commission of the socio-economic impacts of blunt cuts.

I have discussed the timing of scientific advice, so I shall skip over that now. Fleet adaptation schemes were also mentioned in an intervention, so I should say that they are optional; they are not a requirement in order to access European fisheries fund money. However, we are working closely with the industry to examine how best to maximise the impact of the EFF money available for fleet adaptation. There is more to be done, but we are doing many of the right things on that.

I turn next to quota management and its reform, both now and in the long-term. Officials and Ministers are of the opinion that this is part of a longer view. The review of the common fisheries policy, and of quota management within it, is the beginning, not the end, of reform. The hon. Member for Leominster asked what happened to the quota management change programme. That programme commenced in May 2005, but the Scottish Executive formally withdrew from it in September 2007, bringing an end to that process. A lot of good work was done and that has not been lost; it will provide a crucial input into future decisions. This is not the end of the process and, as has been mentioned, we need to deal with both current and long-term issues of quota reform and quota management within CFP reform.

I wish to set out the background to this matter. In the "Net benefits" report of 2004, the Government published a set of 33 strategic recommendations for the UK fishing industry. They were worked up into 12 action points, of which six have been successfully implemented and six are ongoing, including key proposals on reforming the management of access to the common fisheries resource. That was being taken forward by the QMCP, in conjunction with the four UK Administrations. We are currently developing a project, as part of the CFP reform agenda, to consider how best to reform access to fisheries in the longer term. That is ongoing.

The issue of marine coastal zones was also raised. It is correct that, under the marine Bill as it stands, we could ban only UK vessels from fishing in marine coastal zones, but the point is that the European Union is requiring all member states to identify offshore special areas of conservation, or SACs. We will have leverage to seek reciprocal arrangements with other member states to respect each others' protected areas. We will find a way through this problem. Being in Europe is sometimes complicated, but it gives us the right outcome eventually. We will work through it, with support from hon. Members.

I turn now to individual contributions. I thank the hon. Member for Orkney and Shetland (Mr. Carmichael) and others for their welcome to me. It is good to receive their thanks today, as this is a challenging job, but with their support I will get through it. The hon. Gentleman highlighted the role of emergency services and talked about the back-up helicopter at Sumburgh airport. I can tell him that we have tried to obtain clarification of that issue. We understand that recently the back-up reserve S-92 helicopter based at Sumburgh has been redeployed to the Solent to provide night-time cover for the AW139 helicopters that have been undergoing modification. I am advised that the situation will be resolved tomorrow, and the AW139 helicopters will return to full night and day search and rescue duties. If I can help with any other aspect of that matter, I hope that the hon. Gentleman will get in touch and we can take it from there.

The hon. Gentleman also mentioned fuel costs. I am glad that they have been returning to normal, and I have discussed that with my officials. Hon. Members have also mentioned fuel duty. The fishing industry is exempt from paying fuel duty, which places it in an advantageous position compared with other businesses and sectors, but it is not Government policy directly to subsidise fuel costs, including for commercial fishing vessels. Such subsidies can lead to over-capacity, distort business decisions and act against the long-term interests of the industry. Not least, they can be discriminatory and unsustainable. However, there is plenty of assistance available for the fleet, and I should mention that the European fisheries fund can grant aid to projects to improve fuel efficiency on board vessels. In addition, several initiatives are planned to help the industry to adapt, such as the fisheries science partnership and the challenge fund, and a capping and decommissioning scheme for the under-10 metre fleet, which has been mentioned already. That is an investment of £4.6 million in the industry by DEFRA, in addition to the £38 million EFF money for England.

Mr. MacNeil: When I brought up the issue of fuel, I was not looking for subsidised fuel but for fuel that would be duty-free at point of sale.

Huw Irranca-Davies: I understand and note what the hon. Gentleman says, but I cannot give a commitment on that.

On the EU-Norway issues that the hon. Member for Orkney and Shetland mentioned, I can assure him that we are fully engaged with them, both officially and ministerially. Our offer to the Commissioner and colleagues in other member states is active engagement; we are at their disposal. In the light of what we are talking about and as we head towards December, the EU-Norway discussions are critical. They sometimes get overlooked, but they are pivotal, not least in terms of what will happen to TAC adjustments.

The science suggests various approaches, and the presidency may take one view and other member states another. We certainly take the view that in order to incentivise the fleet to avoid discards and to adopt intelligent approaches to sustainable fishing, we need what we have termed a "substantial" increase in TAC. The incentives should favour landing more cod, but killing less. We do not want fish to be dumped over the side. We will continue to make progress on that, and I am glad to hear from many hon. Members that they too want to see that happen.I already mentioned science, so I shall simply say, on wider CFP reform, that a focus on regional input is absolutely right, and it is how we intend to drive the matter forward.

The hon. Member for North-West Norfolk (Mr. Bellingham) represented the concerns of his constituents well, and talked about the shellfish fisheries in the Wash, which he described as historic and iconic. He referred to the Hanseatic League. It is not my strongest period of history, but I understand that it might have been a precursor of the European Union. He also talked about the impact of sub-marine work for offshore wind farms. A close eye needs to be kept on that, but I noted his balanced and commendable approach to the need for renewable energy.

The hon. Gentleman mentioned the delicate Sabellaria reefs, which are constructed by the Sabellaria worm under the sea. They should be protected under the EU habitats directive. We are aware of them, and I appreciate his concern.

The hon. Gentleman and others mentioned their support for further, wider, radical reform of the CFP. The Commission is minded to do that, as we are, and we need to actively engage with it. He was sceptical whether we could deliver. I do not want to be the Obama of fisheries, but I will say this, "Can we do it? Yes we can." That is a commitment.

I know that we are not supposed to use props, Mr. Deputy Speaker, but I will leave a copy of "Managing our marine resources: licensing under the Marine Bill", which we have just published, on the Table. The document might help to answer some of the hon. Gentleman's questions.

The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) mentioned discarding and the under-10 metre fleet, and sought an answer about work required as a result of flooding in his constituency. I have asked officials to ensure that he is written to promptly. He and others asked about the changes in the size, shape and geographic spread of sea fisheries committees. I will return to the matter. I said in my initial answer that we will seek local stakeholder involvement, including that of the existing sea fisheries authority, when we consider the matter to ensure that we get things right.

The hon. Member for Scarborough and Whitby (Mr. Goodwill) talked about discards, oil prices and the need for the best, most up-to-date science. We are agreed on the latter, and the Government will work on obtaining it.

The hon. Gentleman spoke articulately about the under-10 metre fleet. NUTFA, which is going from strength to strength, and others have stressed to me that the focus should be on the working vessels, not the slipper kippers. That is where the focus should be, and where mine will be. A sustainable future means livelihoods for the fishermen who currently fish around our coasts, and taking tough decisions on how we avoid simply dragging back fishermen to sea who have been sitting on licences. We need to find an intelligent way forward. That could mean that I lose my sudden popularity for a short time, but I am committed to ensuring that when people look back in six and 12 months, and two years and five years, they feel that we made the right decisions for the long-term sustainability of the under-10 metre fleet.

I thank the hon. Gentleman for the invitation to Whitby—it was the first invitation I had today. I am sure that I will take it up at some point, when we get past the negotiations in December.

The hon. Gentleman's support for marine coastal zones was welcome. Recreational fishing will certainly have a part to play in that, because the essence of the marine conservation zones and marine planning will be local stakeholder engagement. That is how we see the project driving forward—it will not be a top-down approach. I join him in his tribute to the Royal National Lifeboat Institution for all its work.

I can tell the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) that I will indeed work with the Scottish Government—with Richard Lochhead and his officials—to work through the difficult issues in the Scottish fisheries, especially in the area that he represents, to get the best, most sustainable arrangements. I agree that we need to avoid what could be alarmist signals to the fleet. We actually need practical, rational discussion on the science and what we are observing, and on what we believe to be the solutions.

I do not want to engage the Commission in tabloidese negotiation. We actually need to get up there with our officials to see what is happening, and then talk through the matter with the Commission. Indeed, we have something of an undertaking with it to look at the matter. We will see what we can deliver. My officials are intimately engaged with Scottish Executive officials in trying to put the expert opinion and the views of stakeholders before the Commission. We have a long way to go, and I do not underestimate the challenge that we will face in the final stages of the negotiations, but we will try to win the very best deal available.

The hon. Gentleman also mentioned dogfish, and issues of conservation in the southern Hebrides. We have noted those points and, if necessary, we will write to him with further information. I also thank him for his invitation to visit his constituency. It is a beautiful part of Scotland, both for work and for pleasure, and I look forward to taking him up on that, some time in the future.

[Huw Irranca-Davies]

The hon. Member for Argyll and Bute (Mr. Reid) mentioned the Swedish grid, as did other Members. We are cognisant of his concerns on the matter, and we are looking into it. He also mentioned the "use it or lose it" approach. That is an approach that we will continue to argue vociferously against, as it is not the right way forward in the negotiations, or in the longer term.

The hon. Member for St. Ives (Andrew George) talked about the under-10 metre fleet in some detail. I have heard the concerns that he has expressed, and we will act. He also talked about the reform of the sea fisheries committees. I think that I have already dealt with that matter, but I thank him for raising it. However, to follow up on that point, the Bradley review proposed that the current 12 sea fisheries committee districts might be reduced to about six, but I have not suggested that that number is right. I will decide on the future number of inshore fisheries and conservation authorities in England, following full consultation with the sea fisheries committees, with Members, and with other stakeholders, early in 2009. We will have an opportunity to look at that matter.

Andrew George: I am leaving the best until last: I should like to invite the Minister to visit my constituency. I hope that when he comes, he will have an opportunity to meet both the sea fisheries committees that govern that area.

Huw Irranca-Davies: I can see that I am going to be doing a lot of travelling in the next few months. I thank the hon. Gentleman for that invitation.

I have mentioned the quality and passion of the debate today. The contribution by my hon. Friend the Member for Aberdeen, North (Mr. Doran) reminded us of his long-standing expertise and his contribution to these debates over many years. I welcome that, and I thank him for welcoming me to my new role. He made a very balanced and considered speech. He mentioned longer-term CFP reform, and rightly said that we needed to move away from pork barrel politics. We need to have much more to do with long-term sustainability, in relation to the profitability of the fisheries and to the conservation of the seas. I should like to repeat a point that is worth repeating, by clarifying that, in the current round of negotiations, our Government's approach is to land more and to discard less. We shall continue to take that approach. The discussions between the EU and Norway will be important in that regard, and a figure of between 25 and 30 per cent. has been mentioned in relation to increases in total allowable catch, but we will have to see. We have to achieve the right incentives for the fleet.

My hon. Friend also mentioned the important issue of the immigrant work force and transit visas. He illustrated his point with the example of people who were working 20-hour days for €240 a month, with no health and safety provision and, in some cases, no accommodation. I am happy to continue to discuss that matter with Government colleagues here and in the Scottish Government, but it is an important issue that we have already recognised. The Border and Immigration Agency and the Department for Transport are leading on this issue, with input from others, including DEFRA. It is a serious issue, and we are acting on it. My hon. Friend also talked about training. I do not have time to go into that point now, but I will happily write to him with more details of the training arrangements in our fisheries.

I thank my hon. Friend the Member for Great Grimsby (Mr. Mitchell) for his warm welcome. I should also like to thank him and other hon. Members for their kind words about my predecessors, who have put a lot of effort and passion into this role. I hope to continue in that vein. My hon. Friend's advice to me was to stay close and to hug the industry, although I am sure that he did not mean it literally. I will be doing that, however; I have hugged many a fishermen already—not literally—and I am enjoying the experience. He called this the most important job in government and I know that he will relay what I say to my right hon. Friend in No. 10, but it certainly is a very important job. It is very exciting, because many elements of the agenda can make a real difference.

My hon. Friend the Member for Great Grimsby made a passionate case for the reform of the CFP. Perhaps he wanted us to tear it up and start again: I am not sure about that, but we are committed to its fundamental reform. I welcome his encouragement and support for the role played by RACs in providing industry input into longer-term CFP reform.

My hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) said that he was unashamedly parochial, but that is nothing to be ashamed of at all and, as always, he made a strong case for his constituents. He has lobbied effectively and hard for his under-10 metre fleet, and continues to do so. He urged me to make the necessary changes and I will do so, using his input and listening to his constituents and others. He rightly said that warm words will not be enough this time and that we need decisions, and I agree. Although my decisions may not always be popular, I will use input from people in this Chamber and elsewhere to make the right decisions for the long term. In this role, I might sometimes be more unpopular than popular, but this is not a popularity contest. I also thank him and others for the representations that they have made.

Turning briefly to quota allocation, I know that members of the under-10 metre fleet feel that the original decisions were very unfair, although they were based on the best information available at the time. However, things have moved on and the composition and fishing patterns of the inshore fleet have changed. The Marine and Fisheries Agency works hard to maximise the quota available to the inshore fleet, but the current system is not sustainable, which is why we have proposed a package of measures to address that.

The key message is that capping will have to be an essential part of any decommissioning scheme because it will help ensure that the benefits are not diluted. We have made no final decisions, but, to end the uncertainty, I will communicate them within the next couple of weeks. We are committed to supporting the inshore fleet so that it is economically and environmentally sustainable in the long term.

My hon. Friend the Member for Hastings and Rye also mentioned black market cod. On my charts showing the amount of cod gutted, the words "plenty on black market" are highlighted. The problem arose during the closure of the channel cod fishery, and I am grateful to my hon. Friend for bringing it to my attention. The MFA was alerted to it, and immediately contacted its opposite number in France to ensure that the necessary action against illegal activity was taken. We will continue to monitor the situation and to liaise across the channel. If there is any further evidence of such trading, I know that my hon. Friend will provide it so that we can take action as well.

I hope that I have dealt with most of the questions that were raised this afternoon. My hon. Friend the Member for Great Grimsby said that the debate comes around like Christmas for many hon. Members, and that everyone can go home happy afterwards. I know what he means, but I shall not be going home. With support from my officials and devolved Ministers, and with input from fishermen, non-governmental organisations, other stakeholders and hon. Members of this House, I shall be going back into negotiations.

We will keep an eye on the EU-Norway talks, but we will bear it in mind that decisions made in this Chamber—or in warm, air-conditioned offices in London, Brussels or elsewhere—have an impact on the livelihoods and lives of fishermen, their families and communities. I shall bear that in mind with every decision and step that I take along the way.

There is no better way to end my comments than by referring to the contribution from my hon. Friend the Member for Cleethorpes (Shona McIsaac). She talked about the campaigning role played by Dolly Hardie. She was laid to rest only this week, and our condolences go out to her family, her son Billy Hardie and her daughter Jane Bacon. Dolly Hardie was a fastidious campaigner over many years for fishermen and for fisheries, and hers was truly a life lived in and for fisheries and their communities.

In her contribution, my hon. Friend the Member for Cleethorpes also reminded us of the number of fishermen and mariners who have given their lives in times of both peace and war. We owe it to them, and to Dolly Hardie and her campaign, to deliver a sustainable future for the fisheries. That is a huge ask, and some tough decisions will have to be taken. However, I am committed to that task and, with the support of the House, I will try to ensure that it is achieved.

Question put and agreed to.

Resolved,

That this House has considered the matter of fisheries.

SITTINGS OF THE HOUSE

Ordered,

That—

(1) at the sittings on Tuesday 25th, Wednesday 26th and Thursday 27th November, the Speaker shall not adjourn the House until any Message from the Lords has been received and any Committee to draw up Reasons which has been appointed at that sitting has reported; and

(2) at the sittings on Wednesday 26th and Thursday 27th November, the Speaker shall not adjourn the House, if a Message from the Lords Commissioners is expected, until that Message has been received.—*[Helen Jones.]*

NOTICES OF QUESTIONS

Ordered,

That, notwithstanding sub-paragraph (a) of the proviso to paragraph (5) of Standing Order No. 22 (Notices of questions, motions and amendments), notices of questions for oral answer on Wednesday 10th December may be given on Wednesday 3rd December.—*[Helen Jones.]*

PETITION

Service Accommodation (Glamorgan)

5.45 pm

John Smith (Vale of Glamorgan) (Lab): Thank you, Mr. Deputy Speaker, for giving me an opportunity to present this petition on behalf of more than 200 young families in my constituency, who, through no fault of their own, have been billed many hundreds of pounds just before Christmas. The petition states:

The Petition of the residents and former residents of ex-Ministry of Defence service family accommodation on the West Vale estate, and others,

Declares that Brey Services has billed the residents and former residents of ex-MOD service family accommodation on the West Vale estate for sewage/wastewater charges dating from 1 December 2003 to the present day; notes that these properties had not been billed for the provision of sewage/wastewater services since the MOD's contract with Brey Services began in December 2003; and further declares that this delay has caused great distress to many families who are struggling to find the money to pay the said bills.

The Petitioners therefore request that the House of Commons urges the Secretary of the State for Defence firstly to ensure that these bills are waived on the grounds that an unreasonable amount of time has passed, and secondly to ensure that the party responsible for the delay in issuing the bills settles the sewage accounts for the residents and former residents of the West Vale estate from 1 December 2003 until 2 October 2008.

And the Petitioners remain, etc.

[P000291]

Bank of Credit and Commerce International

Motion made, and Question proposed, That this House do now adjourn.—*[Helen Jones.]*

5.47 pm

Keith Vaz (Leicester, East) (Lab): I am grateful for the opportunity to raise in the House tonight the long-running saga of the liquidation of the Bank of Credit and Commerce International. I am delighted to see on the Front Bench my right hon. Friend the Minister for Employment Relations and Postal Affairs, who will reply to the debate.

On 5 July 1991, while waiting for a visitor in Central Lobby, I was approached by a dozen employees of BCCI who had come to lobby Parliament, and indeed any MP they met, about the dramatic closure of BCCI by the Bank of England, supported by the Government. At the time, BCCI was the seventh largest bank in the world. The closure had happened mid-morning on that day. This is the longest-running campaign that I have been involved with in my 21 years in this House. In the current global financial crisis, in which banks have taken centre stage, it is vital that we do not lose sight of the victims of BCCI.

The bank was founded in 1972. At its peak in 1990, it operated in 73 countries, had more than 400 branches, and had assets in excess of $20 billion. It had approximately 6,500 depositors in Britain and a million depositors worldwide, 40,000 employees worldwide and, reportedly, £4.7 million actually in the bank in the United Kingdom. The decision to close down BCCI was primarily taken by four men: Eddie George, then Governor of the Bank of England; Brian Quinn, the head of banking supervision at the Bank of England; John Major, the Prime Minster; and his Chancellor, Norman Lamont. It was closed because the Bank of England, which of course was then the regulator of the banking system, said, in effect, that the bank was full of fraud.

The customers were in shock. The depositors included small depositors in places such as Leicester and West Bromwich, many local authorities—most significantly Western Isles council in Scotland—Channel 4 and many other household names. Right hon. and hon. Members joined me in meetings with Mr. Major, Mr. Lamont, Mr George and the liquidators. We attended many of the hearings and listened to many of the judges in what I regard as a successful campaign to bring the attention of the world to the victims of BCCI. I remember the words of Prime Minister John Major that there was a big black hole in the bank and that creditors would get no money from it—a position supported by the liquidators, Touche Ross, which told depositors not to hold their breath and expect any payments.

With its owner, the Sheikh of Abu Dhabi, one of the richest men in the world, its exotic locations, its colourful stories and its sheer size, it remains a mystery to me why no one has made the story of BCCI into a Hollywood movie. At the time of the closure, the Sheikh of Abu Dhabi undertook to underwrite the entire losses in the bank in order to ensure that nobody would face hardship. It was as if he and his advisers had foreseen what the Government would subsequently do in relation to Northern Rock 17 years later.

There is still a great deal of suspicion about why BCCI was actually shut down. Abu Dhabi was even persuaded by the Bank of England to remit the last amount of more than $600 million that would have enabled the bank to re-emerge as a strong and more viable international banking group. That took place the day before the bank was actually shut. The decision to close down the UK operations was a greater mystery in the light of the fact that BCCI's UK operations had a high liquidity ratio—the ratio of deposits to lending was 60:40—and were declared clean and untainted by the Bank of England. BCCI's UK operations could easily have been ring-fenced, but that option was ignored, whereas some countries ring-fenced BCCI local operations in order to protect the deposits and employment of their own citizens.

The then Chancellor set up the Bingham inquiry, chaired by one of this country's most influential jurists. The definitive report, although not dealing with the reasons for closure or apportioning blame, set up the current system of banking supervision. The Financial Services Authority was born out of BCCI, and we were assured that never again would banks be unregulated.

Thousands of people lost access to their savings without notice, causing some of the greatest of human tragedies—the break-up of homes and marriages, cancelled medical operations, lost jobs, ruined careers and, in some cases, suicide. Thousands lost access to their bank accounts and saw their businesses collapse. Just in case hon. Members think that the issue is not as relevant now as it was 17 years ago, let us look at what is happening in Iceland. It may take years to get back all the money frozen in the Icelandic banks when they went bankrupt earlier this year. The parallels with what happened in the aftermath of BCCI are very clear, although they are not on the same scale.

Local authorities are drawing on the BCCI example as a warning of the situation they could find themselves in. Mark Finch, head of finance at Breckland council, told members of the council's audit committee last Friday that the present situation could become as drawn out as the one involving BCCI, saying:

> "BCCI has not yet been resolved. These things can take years and we have no idea how much we can expect to receive back or when it is likely to be received. We will wait and see with bated breath but we do not yet know how we will be treating it on our balance sheets at the end of the year."

Deloitte Touche, appointed the BCCI liquidator, was quick to judge immediately after closure that it would not be able to recover any money, and suggested a payment of zero to 10 per cent. on the dollar for the company's worldwide depositors. Although the liquidation may have proved complex and involved a number of jurisdictions, in excess of $1.2 billion has been charged in worldwide fees. The liquidation has made multi-millionaires of the accountants and lawyers. Some $700 million of those fees have been spent in the United Kingdom, where Deloitte and Touche has billed for about $296 million, while Freshfields Bruckhaus Deringer and Lovells, two firms of solicitors, have earned themselves $173 million. To be fair to them, I should say that Ralph Preece, a Deloitte and Touche partner, defended the size of the fees, claiming that creditors would not have seen such high returns without the firms' litigation work. However, that is disputed by members of the creditors committee and by former employees, who objected to the unsuccessful litigation that the liquidators mounted against the Bank of England. I pay tribute to the former employees who led that campaign, including Runi Kahn, Qaiser Malik and Mohammed Qayun.

The liquidators have realised a total of about $7.7 billion to date, and a reported further $800 million is being held back for future fees. On that basis, the liquidators' fees would represent about 25 per cent. of the recoveries. In many quarters, including some of the accountancy fraternity, such high fees are considered obscene. On several occasions, the depositors and former employees have called on the Insolvency Service at UK Trade and Investment to launch an investigation into the liquidators' fees.

It is strange that a $20 billion bank, which allegedly lost $10 billion in a black hole, according to its liquidators, and has liquidation costs well in excess of $1 billion, has still been able to pay almost 90 per cent. of the money to its depositors. All that money has been found from somewhere, and the depositors have been paid back, albeit in dribs and drabs, over the past 17 years. One wonders where the bank would have been today if it had not been forced into liquidation and had taken the Sheikh of Abu Dhabi's generous offer, which was rather like the injection of cash that some other Gulf royals recently gave to our own Barclays bank.

Even if we give the liquidators the benefit of the doubt, we find that what disappoints so many is the apparent unwillingness of successive Governments—not just the present one—to intervene to bring the liquidation to an end. Over the past 17 years, I have met every Minister with responsibility for insolvency matters to try to get them to use their good offices to halt the haemorrhaging of money, but every one of them, advised by the Insolvency Service, has declined to do so. At ministerial meetings, they have offered tea, biscuits and sympathy when I have taken BCCI employees and creditors to see them, but they have claimed not to have a relevant interest. I therefore look forward to meeting the present Minister about the case. After many requests, he has kindly agreed to see me on Monday, and I hope that, apart from tea, biscuits and sympathy, he will give us some positive news.

Like the liquidators, Ministers feel that the size, complexity and difficulties of the case mean that it has had to carry on for a long time. The Insolvency Service, the regulator of insolvencies, has stood by and done absolutely nothing, and final statutory responsibility rests with the Secretary of State, but either he is unwilling to intervene or he has been advised not to do so. It is perfectly acceptable for Ministers to intervene to help Northern Rock, HBOS-Lloyds TSB and, as we heard just a few moments ago on our televisions, Royal Bank of Scotland; but, for some reason, it is not acceptable for them to help to end this liquidation. Ministers in the Department for Trade and Industry have been described as the Pontius Pilates of this very sad story.

However, there is some news—just before Christmas. The global liquidators of BCCI have announced that the payment of a seventh interim dividend of 2.5 per cent. to admitted creditors will be made in December. I welcome this. It brings the total dividend to date to 86.5 per cent., and at least one further dividend will be paid, although the amount and the timing remain uncertain. That is the problem—the uncertainty and mystery about how things have been done.

There has only ever been one full creditors' meeting. It was at the Wembley conference centre more than a decade and a half ago—

It being Six o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Spellar.]*

Keith Vaz: Every time the creditors' committee and other creditors have asked that the creditors be brought together to hear from the liquidators about what has been happening during the liquidation, they are told what they have always been told—"Sorry. The list is too long. We can't send out letters because it will cost too much." Yet the liquidators are still prepared to charge the bank for the liquidation. I hope that one of the things that the Minister will do is say to the liquidators that there should be another creditors' meeting so that the creditors themselves can question what the liquidators should be doing. However, why should the liquidation stop when there is so much more to squeeze from the carcase in liquidators' and lawyers' fees?

It may have gone unobserved, but if the liquidators' fees had been properly audited and found to be excessive, the depositors might have already received almost 100 per cent.—if not the full 100 per cent.—of their money. Perhaps it is time for the Business and Enterprise Committee to hold an investigation into the longest running liquidation in history. Surely Parliament—which, frankly, has also been sitting on its hands in dealing with this matter—should want to discuss why the liquidation has gone on for so long, so that we could at least learn the lessons and make sure that things are not done in the same way in future.

Next Wednesday, I will be 52, but I live in hope that while I am still a Member of this House, and still alive, such an investigation can take place. If it can, those who have stood by and sat on their hands will finally be called to account. The BCCI liquidation needs to be brought to an end. We need to ensure that such a thing does not happen again and to examine thoroughly how the Insolvency Service operates. Clear legislation is needed to protect the interests of the public, no matter how a bank closes, and to monitor the work of liquidators when they feel that they cannot hold creditors' meetings.

The Chancellor was right to take the stance that he did in protecting and preserving Northern Rock and to take the other measures to protect this country's failing banking system. UK taxpayers are now stakeholders in a number of banks. A repetition of the final catastrophe and human tragedy that was the closure of BCCI was avoided by the Government this time. However, the Government should not forget the victims of BCCI.

I rate this Minister as one of the best in the Government, and he will be able to claim his place in history by being the Minister who finally ended the liquidation of BCCI. I ask my right hon. Friend whether he is ready for the cloak of history to be put on his shoulders.

6.3 pm

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): I congratulate my right hon. Friend the Member for Leicester, East (Keith Vaz) not only on securing this debate but on his determination and tenacity during the many years since the liquidation

[Mr. Pat McFadden]

of BCCI, to secure justice for its creditors. I wish him in advance a happy birthday next Wednesday and thank him for his kind comments. As he would expect, I have read some of the previous Adjournment debates on this issue, and I give no weight to the fact that he said some very kind things about the Ministers who preceded me in this role.

My right hon. Friend has campaigned with great energy to keep the issue in the public eye, and throughout that period his objective has been simple—to ensure that the hard-working savers, businesses, local authorities and others who, in good faith, deposited their funds in BCCI get as much of their money back as possible. I assure him that the Government share that objective, and we will certainly not forget the victims of the whole process. He set out the history and the scope of the bank's operations at their height. He also made comparisons between what happened then and the more recent banking troubles that the Government have been dealing with. I want to return to that later.

The main focus of my right hon. Friend's speech was a series of perfectly legitimate questions about speed, the fees involved, and the role of the Department for Business, Enterprise and Regulatory Reform and its predecessor Department. Let me begin with the issue of time scale. The liquidation of BCCI was, as he said, one of the largest and most complex ever seen in this country. It involved a bank that operated in many different jurisdictions around the world—I think that he said 70 countries, which is broadly in line with our understanding. That complexity has of course contributed to the length of time that the liquidation has lasted. It is not the longest in the country's history—there have been examples that have lasted many decades—but 17 years is a very long time on anyone's time scale.

The next question is what that 17-year period has resulted in. As my right hon. Friend said, when the bank first went into liquidation, there were fears that creditors might see very little of their money returned. However, the success rate has been greater than was initially feared. The creditors have now received about 84 per cent. of their debts and, as he remarked, they will receive a further 2.5 per cent. before the end of this year. Although the process has indeed been very lengthy, it has not been one that has not yielded the results for depositors for which he has campaigned with such skill and determination over the years.

The UK liquidation's domestic receipts, together with its share of global receipts, amount to some $4.18 billion, which includes a sizeable payment from the bank's majority shareholders. Significant realisations have also been raised from legal actions taken against third parties on the basis of fraudulent action. In addition to the next dividend, the liquidators hope that it may be possible to pay a further, final dividend to creditors at the end of the liquidation.

Keith Vaz: When the liquidators informed the Minister of that fact, did they indicate when the end of the liquidation would be?

Mr. McFadden: I do not have a date, but, as my right hon. Friend is aware, the liquidators hope to pay a further dividend beyond the one that is due before Christmas.

In order to realise such sums, it has been necessary for the liquidators and their legal advisers to expend considerable amounts of time, effort and money. Let me say something about the fees to which my right hon. Friend referred. The fees involved are large—there is no doubt about that. The English liquidators charged remuneration fees of just under $350 million and incurred legal costs of a further $232 million in the 16 years ending in January this year. Those are very large amounts of money in anyone's language, and I understand why he draws attention to them. The issue is not just the fees, but what is recovered as a result of them. As I said, substantial sums, certainly more than was expected at the start of the process, have been recovered for the creditors.

In addition, my right hon. Friend presses me to intervene in the process, and I have no doubt that he will do so again when we meet to discuss the matter next week. I shall say a little more on the Government's role, the relationship between creditors and liquidators in the setting of fees and the scrutiny of the ongoing liquidation process. Under English insolvency legislation, the setting of the liquidators' basis for remuneration is a matter for the company's creditors, either in a liquidation committee or at a meeting. It is not set by the Secretary of State. If creditors feel that the remuneration charged by a liquidator is excessive in the context of a case, they are able to challenge that remuneration at court. In this case, the committee could go even further. It approves the liquidators' remuneration on a quarterly basis. It is clearly right that those with an economic interest in the outcome of a liquidation have the greatest influence over its processes.

My right hon. Friend referred to meetings and how they are supervised. The BCCI's liquidation committee, which represents the creditors, has played an active role in the course of the liquidation and has overseen the actions and conduct of the liquidators. It is the committee's responsibility to ensure that they are satisfied with the level of remuneration that the liquidators have charged.

Keith Vaz: My right hon. Friend must know that every time the creditors' committee wants to challenge the liquidators' fees, it has to go to court and do so before a judge, which means more money being spent out of the bank. It has to pay its lawyers, the costs involved and the liquidators' costs, if it loses. Every time it makes a challenge, more money is spent on fees. That is the problem.

Mr. McFadden: That is consistent with what I said. It has the option to go to court; that is how insolvency law operates. If creditors wish to challenge such fees, they must go to court to do so.

My right hon. Friend stated that the liquidators are holding back a further $800 million for future fees, if I heard him correctly. I am informed that that is not the case, and that a lesser sum is being held back, in respect of unclaimed dividends and dividends declared where the relevant creditors have yet to confirm their claims.

Keith Vaz: How much?

Mr. McFadden: It is certainly more than $100 million less than the figure my right hon. Friend quoted.

The liquidators meet, consult and correspond with the committee on a regular basis. There may be a suggestion that the committee is not able to exercise its scrutiny role, and that the liquidators are free to proceed, if I may use the vernacular, in their own way and in their own sweet time, but it is worth stressing that the committee, which is representative of the body of the bank's creditors, receives its own independent legal advice funded by the liquidation itself. If one looks at the make-up of the committee, one finds that it does not look like a body of people who would be easily duped. The committee meets quarterly and may also have ad hoc meetings in the year. It receives its own independent legal advice, which the court has authorised as an expense of the liquidation. The committee receives a full set of accounts each quarter, together with a report on the liquidators' activities in that period. Aspects of the liquidation can be very complex and the independent legal advice ensures that the committee can understand the content and the import of the reports that it receives. The liquidators' remuneration is approved by the committee on a quarterly basis.

My right hon. Friend may wish to take issue with that, and he is perfectly free to do so, but it is not a process in which the creditors have no voice, or only a passing voice. The liquidators prepare an annual budget for their activities, and their performance is measured against that on a quarterly basis.

Keith Vaz: That is most helpful and useful. All we ask is that ministerial minds be focused on that issue from time to time and that the Minister write to the liquidators regularly. If necessary—if the Government are hard up—I will give him the stamp, but he is the Minister for post offices, so that should not be a problem; some remain open in this country. Will he write to the liquidators and ask what the current position is and why things are taking so long? A letter from the Minister carries so much more weight than a letter from a Member of Parliament or anyone else. It concentrates the minds of the liquidators. He simply has to put in his diary every two months a reminder to ask what is going on.

Mr. McFadden: I assure my right hon. Friend that I do not want the process to last longer than necessary, but, when it comes to closure, there are interests to be weighed in the balance about the recovery of moneys for the creditors. It is important to bear that in mind. He asks me to bring the matter to a close as soon as possible and I appreciate his desire for closure because 17 years is a long time. I also appreciate the anxiety that those who lost money through no fault of their own as a result of having deposits in the bank at the time of the liquidation have experienced. However, let me make a couple of points about closure. It is not determined by me or the Secretary of State. The problem of time scale—long as it has been—must be balanced with the creditors' interests.

If the creditors judge that the well of recovery has not run dry and that some sums could still be recovered, and push up the anticipated 86.5 per cent. recovery rate to which my right hon. Friend referred even higher, it may not be in their interests to bring the matter to a premature close. The creditors and the liquidators must make that judgment. The Department and the Secretary of State have not turned their eyes away from the problem. Throughout the period, the Secretary of State has received an annual report from the liquidators on the conduct of the liquidation.

The closure of such a liquidation, which has run for nearly two decades and realised billions of dollars for creditors, is not a simple process. It must also be borne in mind that the English liquidation is not the main procedure. Bank of Credit and Commerce International was registered in Luxembourg, and the main proceedings are the Luxembourg liquidation. Consequently, Luxembourg liquidators, Luxembourg law and the Luxembourg court have the most important say in when and how the liquidation is closed. It is essential to the efficiency of the global liquidation that all three liquidations close in an orderly and co-ordinated fashion when the time comes.

I repeat that the process should take no longer than necessary, but I stress that it must be consistent with the creditors' interests and the possibility that further moneys may be recovered for them. The English liquidation must close before the Luxembourg liquidation, but that can happen only when the winding-up process is complete. Deciding on the right time to close down the liquidation is a matter for the liquidator and the liquidation committee, working with the other global liquidations.

Potential further recovery is a live issue. As I understand it, one recovery involves the enforcement of a judgment that exceeds $300 million. Any recoveries from that would be paid into the liquidation for the benefit of creditors. All parties would like the liquidation to finish as soon as is reasonably practicable while continuing to act in the creditors' best interests. When they are pursuing such moneys, we must ask whether it is in their interests to engineer the closure of the liquidation. I am happy to meet my right hon. Friend next week, as has been arranged, but I want to be clear about my role in such situations and to stress the interests of the creditors.

I turn to the parallels that my right hon. Friend drew with the banking crises that we have seen in recent months. He mentioned Northern Rock and some other cases. However, I suggest that there is a legal difference between the Government's role in stopping a collapse of the banking system—that is what has driven the recent interventions, which started with Northern Rock and was followed by some others—and the Government's legal position in respect of the running of an individual liquidation many years after it began. As I have said, insolvency legislation gives that role to creditors and liquidators. I appreciate my right hon. Friend's point about intervention, but I am not sure that we are talking about a parallel situation. However, I am happy to discuss that with him further when we meet next week.

In conclusion, I again pay tribute to my right hon. Friend's tenacity and to the compassion that he has rightly shown for those who had deposits in the bank. The Government have not turned a blind eye to the problem; nor do we intend to do so. We operate within the insolvency legislation, which gives a role to the liquidators and a role to the creditors through the liquidation committee. That is the context in which the liquidation is being done. Substantial sums have been recovered, and I hope that more can be recovered for the creditors affected. When discussing how long such a long-running liquidation should take, it is important to bear that interest in mind, as well as our legitimate desire to bring the process to a close within no longer a time scale than is necessary.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes past Six o'clock.

House of Commons

Monday 24 November 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES BILL [*LORDS*]

Ordered,

That so much of the Lords Message [17th November] as relates to the London Local Authorities Bill [*Lords*] be now considered.

Resolved,

That this House concurs with the Lords in their Resolution.—[*First Deputy Chairman of Ways and Means.*]

Message to the Lords to acquaint them therewith.

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Cold Weather Payment

1. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): How many households in Milton Keynes he estimates will be eligible for cold weather payments if the temperature falls below the level which triggers payment of the allowance in 2008-09. [237962]

The Minister of State, Department for Work and Pensions (Ms Rosie Winterton): We estimate that the number of households that would be eligible this winter for a cold weather payment in Milton Keynes, should such payments be triggered, is 84,000.

Dr. Starkey: I am sure that my constituents will welcome the extra money should it be required, but would it not be a better long-term solution to insulate more houses more effectively? Is my right hon. Friend's Department considering sharing data with other Departments, so that Warm Front grants, for example, can be more effectively targeted at those who are known to be on low incomes because they are in receipt of various benefits?

Ms Winterton: My hon. Friend raises the important question of how we get the information to people who may be eligible. As I am sure that she knows, people on certain means-tested benefits are eligible for Warm Front grants, but they have to claim them. We are working with the Department for Energy and Climate Change to make sure that we can use some of the ways that we used to ensure that people on lower incomes were aware of benefits such as pension credit. We will work with the Department for Energy and Climate Change on that basis.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Of course, many of the households in Milton Keynes that the Minister mentioned will be made up of pensioners, who will be delighted that finally, after months of dithering, the Government have renewed the Post Office card account contract. Does she not believe that those pensioners should be allowed to use that account to pay their utility bills, so that they can enjoy the benefits gained by others who pay by direct debit?

Ms Winterton: Pensioners are already able to arrange a direct debit payment with other banks, but in the longer term, we will of course look at ways in which the Post Office card account could increase its functionality.

Domestic Heating Engineers

2. **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): What steps the Health and Safety Executive takes to ensure that workers in the installation and maintenance of domestic heating systems are fully qualified. [237963]

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): Gas safety law requires work in domestic premises to be performed only by competent people. The law also requires installers to register with the HSE-approved body, CORGI. That includes demonstrating that employees are approved in the correct way. Self-employed installers must also fulfil those requirements. The HSE enforces the law.

Mr. Sheerman: My hon. Friend will know that three of my constituents, including a little boy of 10, Dominic Rodgers, were killed by carbon monoxide poisoning. Many of us in this House are part of a campaign to make sure that such a thing never happens again. CORGI is to end as a brand, and as a trainer, and Capita will take over, so it is a sensitive time for the gas industry and its safety. Can my hon. Friend assure me that the transition will be smooth, and that in April we will have a better product than we do now?

Jonathan Shaw: I am grateful to my hon. Friend for that question, and I am aware of the campaign that he has been involved with in his constituency relating to the Dominic Rodgers Trust. There has been a reduction in the number of fatalities due to carbon monoxide poisoning, and we continue the work of raising awareness. He is right to point out that the transition arrangements for the new contract awarded by the HSE will include further awareness-raising, and will allow a smooth transition to ensure that customers and installers are aware of the new requirements under the contract.

Mr. David Evennett (Bexleyheath and Crayford) (Con): CORGI estimates that as many as 20,000 people are working illegally with gas in the UK. What more can the Government do to ensure that the public are aware of the dangers of employing unqualified workers?

Jonathan Shaw: I am grateful to the hon. Gentleman for that question. He is right: about 10 per cent. of installations are still carried out by people who are not registered with CORGI, and more needs to be done on that. As part of the arrangements for the new contract with Capita, that body will donate about £1.7 million to a charity. My noble Friend Lord McKenzie is asking other energy providers to put in resources, too. That fund will be used further to raise awareness. The more we do to raise awareness, the greater the reduction in the number of fatalities will be.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Will my hon. Friend ensure that engineers who install heating systems are well aware of some of the toxic substances that surround heating systems, such as asbestos? Will he make sure that people get the proper equipment when working with that toxic substance, which causes disease, as there are long-term cancerous effects from working with it?

Jonathan Shaw: My hon. Friend is right to draw the House's attention to the necessity for people receiving installations to ensure that the fitter is reputable and properly registered, and to workers' health and safety, and I am grateful for his comments.

Tom Levitt (High Peak) (Lab): In 2005, two young people died in my constituency of carbon monoxide poisoning as a result of inadequately attended gas installations. Two pensioners died a year ago in my constituency for the same reason, and, 10 days ago, another pensioner died of suspected carbon monoxide poisoning, and his wife was lucky to survive. Will my hon. Friend do everything that he can to promote the use of carbon monoxide monitors to complement the work that he talks about, perhaps by ensuring, for example, that every time a house is sold, the home information pack requires there to be a carbon monoxide monitor in the house?

Jonathan Shaw: As I said in answer to an earlier question, under the new arrangements, the operator, Capita, will put in substantial sums of money, and we want there to be further amounts of money to raise awareness, so that people know that the installation of their gas central heating system, which is the predominant heating source in this country, will be undertaken by an appropriately qualified installer. I shall pass on my hon. Friend's comments about monitors to my noble Friend Lord McKenzie as he works with the industry to ensure that the number of deaths continues to fall.

Jobseeker's Allowance

3. **Mr. Philip Dunne** (Ludlow) (Con): How many jobseeker's allowance claimants there were in (a) the UK and (b) Ludlow constituency on the latest date for which figures are available. [237964]

The Secretary of State for Work and Pensions (James Purnell): The number of people in the UK claiming jobseeker's allowance in October was 980,900. In Ludlow, the number of people claiming jobseeker's allowance was 651.

Mr. Dunne: I am delighted that the Secretary of State is aware that unemployment in Ludlow has gone up by 10.5 per cent. in the past year alone, but why are there 300,000 fewer British people in work today than two years ago, while there are almost 1 million migrant workers in work?

James Purnell: On the first part of the hon. Gentleman's question, we totally understand that people will be worried about the economic circumstances, and our commitment is to do everything that we can to help people get back into work if they lose their job. That is why we have announced, for example, an extra £100 million—to do exactly that. We will do that to ensure that we never reach the unemployment levels that we had in the past—almost 3,000 people, not 651, in his constituency—at the height of the previous recession.

Mr. Peter Hain (Neath) (Lab): The fact that the numbers of people on jobseeker's allowances are rising is, nevertheless, a big contrast compared with the 1980s and 1990s, when people were just abandoned in the terrible Tory years. *[Interruption.]* As we are entering a period of turbulence in the jobs markets and rising unemployment, will my right hon. Friend specifically look at the question of people not receiving their benefit and support quickly, if not immediately, particularly in respect of mortgage relief and of those who are made redundant? People should receive their benefit right away and then be helped back into work, instead of languishing for a period in no-person's land.

James Purnell: We are introducing today the lone parent changes, and I pay tribute to my right hon. Friend for that radical welfare reform package, for which he was responsible. He is absolutely right: we need to ensure that we get people their benefits as soon as possible, and that is why we have brought forward the help that people receive if they lose their job and need to pay their mortgage, from 39 weeks, as it was under the Conservative Government, to 13 weeks.

I know that Opposition Members did not like it, but my right hon. Friend was absolutely right to remind them that in the '80s and '90s, millions of people were abandoned when the Conservatives massaged the figures to get people on to incapacity benefit. We will not repeat that mistake.

Jenny Willott (Cardiff, Central) (LD): Given that the number of new jobseeker's allowance claims is rising quickly alongside unemployment, and that Government policy changes mean that an extra 350,000 people will be moved on to JSA between now and 2011, at the same time as the Department for Work and Pensions plans another 7,000 job cuts on top of the 16,000 jobs that have already been lost, will the Secretary of State guarantee that Jobcentre Plus staff will have the time and resources to deal with the increasing work load? Does he agree that this is the time to recruit more Jobcentre Plus staff, rather than to continue with job cuts?

James Purnell: The hon. Lady is right to say that we need to make a commitment to do everything that we can to help people find their next job. However, she misunderstands the nature of the efficiency changes that we have made; they are about moving people from back-office jobs to the front line. Actually, there are 1,500 more personal advisers today than two years ago, so we have got more people to the front line. On top of that, we are retaining an extra 2,000 people who were helping us with the introduction of the employment and support allowance; they will now help us with the higher volume of claims. The hon. Lady will have to wait for the Chancellor of the Exchequer's announcement later this afternoon to see whether anything further is coming.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my right hon. Friend look towards ensuring that there is a skill match for people who have lost their jobs and that if those people need to be trained, training is available immediately, rather than their having to wait a long time before qualifying? That would begin to help the situation at Leyland Trucks, where jobs have, tragically, been lost. With a bit of skill matching and extra training, we can get those skilled people back into work. That is the kind of support that they need. Will my right hon. Friend look towards assisting them?

James Purnell: My hon. Friend is absolutely right. The earlier we can get help to people, the easier it will be for them to find their next job. That is exactly what we want to do. We want to make sure that the rapid response service helps people when redundancies are announced, before they even lose their jobs, so that they can be provided with help on retraining. As my hon. Friend says, with a small amount of retraining, people with good skills can get back into work quickly. That is exactly what the extra £100 million that we have announced is, in part, designed to do.

Mr. Mark Harper (Forest of Dean) (Con): I listened carefully to the Secretary of State's answer to my hon. Friend the Member for Ludlow (Mr. Dunne); he did not even attempt to answer my hon. Friend's point about the impact of migrant workers. As the recession bites and unemployment rises, what plans does the right hon. Gentleman have to make representations to the migration advisory committee, so that when it considers shortage occupations, it looks first at people who will be helped by the Government's welfare reform programme, rather than bringing in people from outside the country to do those jobs?

James Purnell: Is the Conservative party against migration now? The tone of its questioning is getting suspiciously close to that. It is important that we have a system for managing migration effectively, and that is exactly why we are bringing in the system based on the Australian points system. However, it is important to remember that in the past 10 years we have gone from being the poorest country in the G7 to being the second richest. Three million more people are in work than in 1997. We come from a context in which, earlier this year, we had the lowest unemployment count since the 1970s and the highest employment ever. We now need to make sure that we do everything that we can to help people fairly through the coming downturn. That absolutely involves welfare reform to get people back into work.

Occupational Pensions

4. **Mr. Andrew Love** (Edmonton) (Lab/Co-op): What steps his Department has taken to protect employee occupational pensions. [237965]

The Secretary of State for Work and Pensions (James Purnell): The Government have introduced a more powerful and proactive pensions regulator to protect the benefits of occupational pension scheme members. The Pension Protection Fund and the financial assistance scheme provide protection to members of eligible defined-benefit occupational pension schemes.

Mr. Love: In recent years, there has been a dramatic fall in the number of defined-benefit pension schemes, and that issue is likely to be exacerbated by the slump in the stock market. A gap has therefore opened up between provision in the private and public sectors, and there are those who suggest that the way to solve the problem is to reduce benefits in the public sector. Surely, however, we should be looking at the issue exactly the other way round. What more can my right hon. Friend do to try to protect and enhance defined-benefit schemes in the private sector, so that we can ensure dignity in retirement?

James Purnell: My hon. Friend is absolutely right. We need to achieve a balance between protecting employees' benefits and the promises made to employees, and encouraging employers to continue to contribute to the schemes that they have set up. That is exactly what we intend to do. We are considering where we can reduce regulation—for example, by reducing the section 75 obligations when they get in the way of people restructuring appropriately. Furthermore, we have changed the inflation indexation and made it absolutely clear through the pensions regulator that contributions have to be affordable and should not put a business at risk. That is the right approach: balancing protecting people's benefits with encouraging employers to continue to contribute.

Kelvin Hopkins (Luton, North) (Lab): Are we not looking towards a future in which only compulsory state earnings-related pension schemes for everyone, with good defined benefits, will make sure that there is no poverty in old age?

James Purnell: My hon. Friend is right to say that the additional part of the state pension is vital. That is why I am sure that he welcomes the changes that we have made to the state second pension; they will bring equality for women, recognise caring contributions and make the system an awful lot simpler. I am sure that he will also welcome the huge changes that will come through the implementation of the Turner commission's recommendations. That will mean that instead of only a minority of people benefiting from company pensions, as in the past, all employees will have the right to an occupational pension matched by the Government and their employer. That fundamental change will increase people's benefits and bring them equality, as was never achieved in the past.

Mr. Oliver Heald (North-East Hertfordshire) (Con): As more employers become insolvent during the recession, will the Secretary of State have to come back to the House and ask for an increase in the levy for the Pension Protection Fund? If not, how will he balance the need to have enough money in the scheme to meet calls on it and yet not overload pension schemes, which are already closing under the sort of pressure that he has mentioned?

James Purnell: The Pension Protection Fund announced very recently that it did not foresee any increase in the levy and that it would keep it at its current level. I am sure that the hon. Gentleman is glad that we fixed the roof while the sun was shining and brought in the pensions regulator and the PPF. That is in huge contrast to the Government whom he supported, who were warned about this by Labour Members in the '90s and did absolutely nothing about it, so that we then had to pick up the pieces through the financial assistance scheme.

Malcolm Wicks (Croydon, North) (Lab): Given the importance of occupational pension security, which many workers feel is as important to them as the asset of their own home, and given the Labour Government's proud record in introducing the regulator and the Pension Protection Fund, can my right hon. Friend assure the House that the new consultation will do nothing at all to diminish the responsibilities of employers to workers' pensions?

James Purnell: Yes, absolutely. We have made that very clear in the consultation. Our aim is to make it possible for companies to have legitimate business restructuring, but only where the employer covenant remains just as strong. That is why the pensions regulator is there, and I pay tribute to my right hon. Friend for the important role that he played in my Department in ensuring that these changes were brought in.

Mr. David Heathcoat-Amory (Wells) (Con): When I asked the Department in July how many final salary schemes were in deficit, the answer was 5,000, but the then Minister showed no particular concern about or interest in this matter. Will the Secretary of State give an updated figure for the number of such schemes and tell us what he will do about the large number of companies that are, as my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) said, obliged to top up final salary schemes in deficit and to pay escalating fees to the Pension Protection Fund, all in the middle of a recession? Will he now grip this problem rather than simply abandoning it?

James Purnell: We are gripping the problem. That is exactly why the pensions regulator gave the advice to which I referred earlier, which is that people have to continue to address their deficits but what they do must be affordable in the current economic circumstances. The last thing that anyone would want us to do is to push out of business a company that has a perfectly viable future, because of contributions being made at this very moment— but the pensions regulator has to be assured that those contributions will be made so that the deficit is addressed. On the hon. Gentleman's specific point about the figure, I will write to him with the latest information.

Mr. Nigel Waterson (Eastbourne) (Con): Will the Secretary of State confirm to the House that it is only under his Government that over 70,000 occupational pension schemes have been wound up since 1997, and that savings in those that survive have halved in just the past 18 months? Does his consultation on the obligations of employers towards pension deficits show a dawning realisation on his part that heaping extra costs and red tape on to these schemes has served only to hasten their demise?

James Purnell: As the hon. Gentleman knows very well, the trend in defined-benefit schemes has been the same all around the world. Employers have been trying to get those risks off their balance sheets. Indeed, the Turner commission said that the previous system was a fool's paradise where people were making promises that they could not afford to pay for, and where Governments of both colours, including the hon. Gentleman's, loaded regulation on to schemes through legislation. We are now addressing that. As he knows—I think that his party supports this—we have changed the rules on indexation, we are examining the section 75 provisions, and we are looking into overriding scheme rules where that is appropriate. However, we need to do that in a way that protects employees, because it would be wrong to unwind the promises made to people who decided to work for those companies on the basis of such promises.

Mortgage Support

5. **Mr. David Crausby** (Bolton, North-East) (Lab): What support his Department offers in respect of mortgage repayments to people who have lost their jobs. [237966]

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): As part of income-related benefits, help is available towards the interest on mortgages. We have announced that from January 2009 help will be available for the first £175,000 of the mortgage for new working-age claims and that, as my right hon. Friend the Secretary of State said, the waiting period for new claims will be reduced from 39 to 13 weeks. We are considering the effect that the 1.5 per cent reduction in the Bank of England base rate will have on the standard interest rate, and we will make an announcement in due course.

Mr. Crausby: The loss of a home can have the most traumatic effects on a family, and in the long term can cost us all significantly more in human and financial terms than the cost of saving the mortgage in the first place. Will he do all that he can to ensure that protection from eviction lies at the heart of our Government's policy?

Mr. McNulty: I will certainly do all that I can on income-related benefits, and I will pass my hon. Friend's concern on to those in the Government who have already taken significant action on the points that he raises about housing. We will have to wait and see whether anything else is forthcoming when my right hon. Friend the Chancellor makes his statement later on today.

Mr. James Gray (North Wiltshire) (Con): Will the Minister tell the House how many people will be affected by the time limitation he is introducing in January 2009?

Mr. McNulty: At the moment, considerable help is being afforded people. As and when more claims are made between now and 2009—

Mr. Gray: How many?

Mr. McNulty: I do not know, and neither does the hon. Gentleman—*[Interruption.]* With respect, neither does the hon. Gentleman, for all his pomposity. It is simply a shift from 39 weeks to 13 weeks. Anyone who claims from January onwards will be directly impacted.

Ms Katy Clark (North Ayrshire and Arran) (Lab): I welcome what the Minister has said. Would he agree that the thrust of Government policy has got to be to keep people in their own homes in this difficult period? I welcome what he said about help with mortgage payments being given wherever possible, but does he agree that where it is not possible, we need to keep people in their own homes? If necessary, the Government should take over property and convert mortgages into rents.

Mr. McNulty: I am not sure about my hon. Friend's last point, but as she rightly implies, the help given is but one small element of what the Government can do to help people protect their homes, and to ensure that they keep them. I agree with her broad point that the Government should work across the piece—much more broadly than the work of the Department for Work and Pensions—to ensure that people's homes are preserved, especially in a period of economic downturn.

Mr. Gary Streeter (South-West Devon) (Con): I welcome the Minister's first answer, even though he seems to have gone slightly downhill since. Can he explain why the system, which has been encouraging people to own homes for the past 11 years, and quite rightly so, still does much more to support those paying rent than those paying a mortgage, even among those with modest incomes in modest houses? I welcome the changes, but why does the system still prefer those in rented accommodation?

Mr. McNulty: I welcome the hon. Gentleman's comments. I am not sure that he is entirely right about discrimination in the system in favour of tenants rather than home owners. There are, after all, two entirely different prevailing legal circumstances. With regard to income-related benefits, we are trying to do all that we can to provide support to both the home owner, given their circumstances, and the tenant, given theirs. They are not entirely comparable in the way the hon. Gentleman implies.

Housing Benefit

6. **Ms Karen Buck** (Regent's Park and Kensington, North) (Lab): What assessment he has made of recent trends in expenditure on housing benefit for those in the private rented sector. [237967]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): Expenditure on housing benefit for those in the private sector has increased in recent years, driven by increases in rents and a shift towards the private sector in the rental market as a whole. The latest forecasts of case load and expenditure will be published alongside this afternoon's pre-Budget report.

Ms Buck: A lot of media attention has been paid recently to a handful of cases of homeless households on housing benefit being placed in very expensive accommodation in the private rented sector. In seeking to respond to some of those extremes when looking at the wider reform of housing benefit, will my hon. Friend assure me that it is not the Government's intention to ensure that swathes of our towns and cities are no longer affordable for low-income households, particularly bearing in mind that housing benefit is an in-work benefit? Will she avoid the trap we have fallen into so often in the past of crowding low-income households together into estates, communities and whole boroughs? That way lies all the social problems we are working so hard to overcome.

Kitty Ussher: My hon. Friend is right to make that point. There is an intrinsic value in mixed communities, but an issue of fairness arises when people on benefits have access to higher quality accommodation than working families could possibly countenance. That is why my right hon. Friend the Secretary of State has taken steps to cap the housing benefit rate at five bedrooms. As we develop our housing review proposals, I would be happy to work with my hon. Friend to test them against the circumstances in her constituency.

Mr. Graham Stuart (Beverley and Holderness) (Con): The decision to cut the backdating time limit will reduce the take-up of benefits, increase pensioner poverty and cause distress to many elder citizens. How can the Under-Secretary justify it?

Kitty Ussher: We are working with lobby groups to make it far easier, especially for pensioners, to access the benefits to which they are entitled by reducing the number of separate forms that they have to fill in and creating greater behind-the-scenes liaison between the various parts of the public sector, thus ensuring that people get the help that they need and to which they have a right.

Mr. Ronnie Campbell (Blyth Valley) (Lab): A landlord with 30 properties in my constituency came to me the other week and said that the new system whereby the rent rebate is paid straight into the tenant's bank means that, unfortunately, when tenants are overdrawn, the banks take the rent and he does not get it. He has two or three tenants who are at least three or four weeks behind and he is having to take proceedings against them.

Kitty Ussher: On the whole, the system is working well, but the new regulations contain provisions, which, without knowing the specific details of the case, I would think that my hon. Friend's landlords could invoke. They provide that, if there is a genuine risk to the payment being passed to the landlord, direct payments can recommence. I therefore advise my hon. Friend to talk to his local authority to investigate that. However, across the board, a large increase in financial inclusion has occurred as a result of the proposals that we implemented.

Andrew Selous (South-West Bedfordshire) (Con): The former Secretary of State, the right hon. Member for Neath (Mr. Hain), was right to mention a few moments ago the slow processing of benefits. Does the Under-Secretary know that in some parts of the country people are waiting nine to 10 weeks to have a new housing benefit claim processed? If they have just lost their job, they do not want nine to 10 weeks of rent arrears. In other parts of the country, because of the way in which the boundaries of the broad market rental areas are drawn, some people experience huge difficulty in finding properties with the local housing allowance that they are given. Will the Under-Secretary undertake to examine those two injustices seriously?

Kitty Ussher: The hon. Gentleman raises two issues that are local authorities' responsibility. I share the concern when some local authorities process benefits relatively swiftly and others take longer. In the latter case, we always put in resources to support those authorities and try to encourage the spread of best practice. However, the hon. Gentleman's question would be better addressed to the local authorities that should improve their performance.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Does the Under-Secretary share my concern about the many houses in the private sector that were originally council houses, which were bought at a considerable discount, that now have families in them who pay no rent but have the whole amount paid by the public sector through social services or social security? That means that, in many cases, the public sector pays for the house twice over because the madness of the Rent Service produces a rent for a former council house that is twice that of the council house next door. We must take steps to remedy that. What Anthony Crosland called the dog's breakfast of housing finance appears not to have gone way. It is still biting hard.

Kitty Ussher: Conservative party proposals led to a decision that, in its words, let housing benefit take the strain. That is one of the reasons for our new review of housing benefit. We want to ensure that it is fair to the taxpayer and individual families.

Lone Parents

7. **Natascha Engel** (North-East Derbyshire) (Lab): What assistance his Department gives to lone parents to enable them to (a) return to and (b) remain in work. [237968]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): Lone parents have access to a comprehensive package of in-work and out-of-work support and advice via the new deal for lone parents, which has, to date helped more than 600,000 people into work nationally, including 560 in my hon. Friend's constituency.

Natascha Engel: I thank my hon. Friend for that answer. With more people losing their jobs and fewer jobs becoming available, can she reassure me that lone parents on benefits, who are already among the very poorest, who cannot find good child care or suitable work will not have their benefit sanctioned?

Kitty Ussher: Absolutely, and we have changed the law to ensure that that is the case.

Miss Anne McIntosh (Vale of York) (Con): The lack of availability and the high cost of child care are two reasons why it is difficult for lone parents, particularly parents of younger children, to return to work. What is the Minister's Department doing to encourage greater access to child care and will she comment on the lower number of child minders over recent months?

Kitty Ussher: The number of child care places has doubled under this Government. The hon. Lady mentions child minders. The proposals that we are introducing—they start today and will be rolled out over the next two years—apply to parents whose youngest child is seven and who will therefore be in full-time education. We have also introduced extra flexibilities to ensure that the regulations do not apply where neither appropriate child care nor the right kind of work for someone with such responsibilities is available. However, with the new duty on local authorities in England and the introduction of extended schools throughout the country by 2020, we do not think that that problem will be widespread.

Clive Efford (Eltham) (Lab): Can my hon. Friend give me an assurance that where we encourage parents to look for work under the new regime, in which the age for single parent benefit has been reduced, the system will be one not of coercion, but of encouragement? Will she also look into the types of work that people are encouraged to go into, to ensure that the jobs that they are offered are sustainable?

Kitty Ussher: We want to extend the support that has been available through the new deal for lone parents—and which has been shown to work—to single mums and dads of a much broader age range of children. However, as I said in response to an earlier question, if the job on offer is simply impossible to do because of that family unit's circumstances, the parent will not be sanctioned for not taking it up. Similarly, appropriate child care must be available. Crucially, however, that is not a decision for a Minister to make; it is part of a conversation that takes place between an experienced professional adviser and the parent in question.

Miss Anne Begg (Aberdeen, South) (Lab): Lone parents are still saying that one of the biggest barriers to moving into work is that they may lose money as a result. That point has been made quite a bit over the weekend, in light of the changes taking place today and the new obligations on lone parents whose child has reached the age of 12. Can my hon. Friend please assure me that lone parents who are moving from benefit into work will always be better off?

Kitty Ussher: Yes.

Jobseeker's Allowance

8. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): How many jobseeker's allowance claimants there were in (a) the UK and (b) Hammersmith and Fulham constituency at the latest date for which figures are available. [237969]

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): The number of people in the UK claiming jobseeker's allowance in October was 980,900. In Hammersmith and Fulham, the number of people claiming jobseeker's allowance was 2,188.

Mr. Hands: The Minister for London will know that at 7.4 per cent., London's unemployment rate is already the second highest of any UK region. Indeed, it is significantly higher than in either Scotland or Northern Ireland, which receive big public subsidies. Hammersmith and Fulham already suffers from a high unemployment rate. If the Minister came to my constituency, he would see shops and restaurants closing down and overcrowding on the tube and buses declining. Does he agree that now is the time to take another look at the amount of subsidy that London is paying the rest of the country, in an effort to do something about unemployment in our capital city?

Mr. McNulty: I do not accept the hon. Gentleman's starting characterisation. What I accept is that London's employment is particularly high. However, we cannot, as he implied we could, tell the nation—quite rightly—that the Olympics are a matter for the nation and not just London, or tell colleagues that something as significant as Crossrail is a national infrastructure asset, rather than something just for London, and then demand money back because of the geographic location of the City of London. It is utterly simplistic, but not uncommon for the hon. Gentleman, to put things in those terms. Indeed, given the characterisation of London that he draws, he might want to explain—in writing would be perfectly fine—how an amnesty for every illegal immigrant in London, which is currently his Mayor's position, fits into it.

Mr. Julian Brazier (Canterbury) (Con): May I urge the Minister to reconsider the threat of closure that hangs over the Whitstable jobcentre, in my constituency, at a time when there is considerable unemployment along the north Kent coast? Unemployment is rising both nationally and regionally, and the proposal will hit some of the most vulnerable people in my constituency.

Mr. McNulty: I announced in passing last week that, given the economic downturn, I thought it appropriate to review the position regarding not only the 25 closures but the future estate rationalisation plan. I received the hon. Gentleman's letter last week, and I shall respond to him and other constituency MPs in due course.

Pension Schemes

9. **Angela Watkinson** (Upminster) (Con): What recent discussions he has had with Treasury Ministers on the effect on pension schemes of Government tax policy since 1997. [237970]

The Minister of State, Department for Work and Pensions (Ms Rosie Winterton): My colleagues and I have frequent contact with Treasury Ministers on a range of issues, including pensions. Together, we are working to encourage pension savings through, for example, the pension reforms in the Pensions Bill that will be considered by the House tomorrow.

Angela Watkinson: Government tax policy has cost pension funds £5 billion every year since 1997, as well as the growth that would have been realised had that money remained invested. Actuaries estimate that in the long term, the sum could reach £100 billion—a sum that might sound rather familiar by the end of this afternoon's pre-Budget report. Will the Minister acknowledge that that tax policy has had a devastating effect on pension funds and their contributors?

Ms Winterton: As I am sure the hon. Lady knows, the changes regarding tax credits payable on dividends were made because there was an incentive for companies to pay dividends rather than reinvest in their future through investment in plant and machinery, for example. The changes were part of a package that included the reduction of corporation tax from 33 to 31 per cent. What made the real difference for pension funds and what was in them were the poor stock market conditions that followed.

Sir Patrick Cormack (South Staffordshire) (Con): How many workers have had their legitimate pension expectations confounded since 1997?

Ms Winterton: The actions that we have taken to support the pensions industry, including the measures in the Pensions Bill, will improve the position of pensions saving in this country. That message has been built up following the Turner commission and through political consensus on the need to ensure that pensions saving is improved.

Child Support Agency

10. **Mr. Anthony Wright** (Great Yarmouth) (Lab): What progress has been made on the Child Support Agency's transition to the Child Maintenance and Enforcement Commission. [237971]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): The Child Maintenance and Enforcement Commission took responsibility for the Child Support Agency from 1 November 2008, and is on track to meet its target for this financial year, which was set by the Department for Work and Pensions.

Mr. Wright: I thank my hon. Friend for that answer. During its existence, the CSA collected more than £6 billion, but billions more are still uncollected. Will that debt pass to the new commission, and will the commission's new powers cover that debt, or will it be written off?

Kitty Ussher: No part of the targets that I have just mentioned, which were set by my right hon. Friend the Secretary of State, include collecting more of the debt—another £70 million for this year, raising the sum to £1.08 billion in this financial year. The commission's new powers are not in force yet, but we expect it to raise the amount of debt that is collected even further.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister accept that many Members receive a large number of letters and representations from our constituents about the CSA? I am genuinely seeking information on this issue: what size is the backlog of cases as the CSA is transferred to the new body? The issue is critical, as many of my constituents wait a long time to get the maintenance that they require.

Kitty Ussher: I am extremely happy to write to the hon. Gentleman and let him know exactly how many uncleared applications remain in the system. I can tell him, however, that this year we think that 40,000 more children will benefit; the number is already up 200,000 in the last three years, and the target is 790,000 children benefiting by the end of this financial year. We are also, of course, introducing a disregard for benefits claimants so that the whole operation of the child maintenance system will contribute directly to our child poverty targets—something that the hon. Gentleman's party did not even seek to influence when it introduced the CSA in the first place.

Topical Questions

T1. [237987] **Bob Spink** (Castle Point) (UKIP): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (James Purnell): The primary responsibility of my Department is to ensure that people keep on getting the support and real help they need to get back to work quickly. I continue to work to ensure that Jobcentre Plus is well placed to help individual cases and to intervene rapidly in cases of major redundancies.

Bob Spink: In light of that answer, which included the mention of work, and of the recession, does the Secretary of State agree with UKIP—and, since I see him in his place, the right hon. Member for Birkenhead (Mr. Field)—that unsustainably high levels of immigration are actually causing problems for the future for jobs in this country? Does the Secretary of State agree that, with rising unemployment, we need to stem the growth in the number of EU nationals being employed in this country, which would also help us to keep the benefit bill down in future years?

James Purnell: It is right to have a managed system. As the hon. Gentleman knows, we are bringing in a system based on the Australian points system, which will ensure that we get the best out of migration and the very important contribution that migrants make to our country. It sounds as if the tone of his party and that of the Conservative party are becoming surprisingly similar; perhaps he would like to go back and join the Conservatives again.

T4. [237990] **Natascha Engel** (North-East Derbyshire) (Lab): With rapid response receiving a huge amount of extra funding and a huge increase in demand, can my right hon. Friend reassure me that private sector employers are actually obliged to open their doors to rapid response? Will he ensure that the work of rapid response is promoted throughout the private sector to small employers who may not know what help it can give?

James Purnell: My hon. Friend is absolutely right to say that we need to promote rapid response to small employers so that they get the help they need, and I am glad that she welcomes the doubling of the rapid response service. We want to make sure that we can help in any situation where there are 20 redundancies; the point is to get there and offer help as early as possible. The contrast is between a Government who are prepared to take real action now—we will hear a little more about that very shortly—and the Conservatives, who have come up with schemes that have fallen apart within 24 hours of being announced.

T2. [237988] **Mr. Desmond Swayne** (New Forest, West) (Con): Why has the Secretary of State chosen this particularly difficult time to hit the least financially sophisticated and our most vulnerable with his swingeing reduction in the period over which pension credit can be backdated?

The Minister of State, Department for Work and Pensions (Ms Rosie Winterton): In actual fact, the changes regarding backdating fit into a general overall package that will mean that, from October this year, people will be able to find out their state pension entitlement, pension credit entitlement, council tax entitlement and housing benefit entitlement with just one telephone call. That is part of a package that has been generally welcomed by Age Concern and others. Overall, it will mean spending £250 million more in this area by 2050.

T5. [237991] **Mary Creagh** (Wakefield) (Lab): I wonder whether my right hon. Friend is aware of the website www.benefitshelpline.com, which is run by a company known as StealthNET, operating out of Great Yarmouth, and offers UK citizens benefit services for the price of £1.50 a minute on a premium rate call? Now that he is aware of this so-called service, will he take steps to ensure that legitimate UK Government paid-for services are privileged over this sort of thing on health search engines and internet search sites?

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): My hon. Friend has already raised this particular issue with the Department. We need to make it clear that the Department makes advice on benefits and a wide range of other entitlements easily accessible to everyone through a variety of channels, including information leaflets, telephone helplines, websites and intermediaries. The loudest message needs to be that anyone requiring help on any aspect of the DWP's work should go through those channels, not through premium-rate channels.

Chris Grayling (Epsom and Ewell) (Con): How much money is actually being saved as a result of the change to the backdating rules for the pension credit, moving from 12 months to nine months?

James Purnell: In fact, as the hon. Gentleman knows, in the medium term the package will cost money, because it allows us to pay for increased benefits for people. It has been supported by Age Concern, and I am surprised that he does not support it himself.

Chris Grayling: What is it about this Government that prevents them from ever answering a straightforward question? I asked the Secretary of State a simple question. This change affects a particular group of vulnerable elderly pensioners, including recently bereaved widows. How much money does the specific change from 12 months to three months actually save?

James Purnell: As the hon. Gentleman knows, it is part of a package that will cost more money. It allows us to improve the services that we give people, and it allows us to give more people more money. The real contrast is between his party, which wants people to suffer during the downturn and will do nothing to help them, and the extra help that will be announced very shortly and to which I am sure he is looking forward.

T6. [237992] **Mr. Jim Cunningham** (Coventry, South) (Lab): I congratulate my right hon. Friend on saving the Post Office card account. What more can he do to ensure the viability of post offices?

James Purnell: My hon. Friend is right to say that we need to help post offices to offer as many services as possible to ensure their viability. As he knows, the Department for Business, Enterprise and Regulatory Reform will work with Members to identify further such services that can be provided through post offices. I am glad that he agrees that we took the right decision.

It demonstrates the support that the Government have been prepared to give to the Post Office—again in contrast to the Conservative party, which offered it no support at all.

T3. [237989] **Mr. David Amess** (Southend, West) (Con): Given that this is warm homes week, are the Government aware that a growing number of people are complaining that they are not eligible for grants because they have part-time jobs, small savings or small pensions, and are not on benefit? Will the Government look carefully at the situation, and ensure that there are discussions with the appropriate Department? Many of the people applying for grants are truly deserving.

Ms Rosie Winterton: It is important for us to ensure that those who are eligible for the grants receive them. As I said earlier, we are working with the Department of Energy and Climate Change to ensure that all who are eligible know how and when to claim, but I take the hon. Gentleman's point on board and will pass it on.

T10. [237996] **Alun Michael** (Cardiff, South and Penarth) (Lab/Co-op): I thank my right hon. Friend for his wise decision not to proceed with the proposed closure of the Jobcentre Plus office in Penarth. However, once proposals of that sort are somewhere within the administrative machinery, they have a tendency to re-emerge in the fullness of time. Will he take the opportunity in the meantime to ensure that all options are considered, so that there is a long-term and viable service, albeit not necessarily at the present level, for the town of Penarth?

Mr. McNulty: It is a perfectly valid exercise constantly to look at a rationalisation of the estates base of Jobcentre Plus. As I said earlier, we are reviewing the options for the current 25 offices and will make an announcement shortly, but I agree with my right hon. Friend that we should keep the matter—and both its positive and negative aspects, in relation to the individuals concerned—constantly under review.

T7. [237993] **Mr. Adam Holloway** (Gravesham) (Con): The Government claim to have virtually eradicated long-term unemployment, and indeed it is pretty hard statistically to classify it as such nowadays. However, plenty of my constituents are long-term unemployed, and in some cases the unemployment has lasted for generations. Do the Government really think that those people can be hidden away in numbers?

Mr. McNulty: Let me say this very clearly: we will not take lessons on the long-term unemployed, the short-term unemployed or anyone in between from the party that did what it did in the 1980s and 1990s.

Ben Chapman (Wirral, South) (Lab): It was announced in February that the long-term unemployed who are seeking jobseeker's allowance would be required to undertake four weeks of work-type activity. Given the benefits that that policy could bring both to the claimant and the community, can the Secretary of State update me on its progress?

James Purnell: I am happy to be able to confirm that we are going ahead with that proposal. Indeed, we are going further: we will require people who have been long-term unemployed to work for their benefits on a full-time basis, to make sure that people have both the right incentive and the right support to get back into work. We want to support people back into work, to make sure they reduce their family poverty and achieve the benefits for their communities that that can bring.

Mr. Graham Stuart (Beverley and Holderness) (Con): Further to the question asked by my hon. Friend the Member for Epsom and Ewell (Chris Grayling) about the amount of savings brought about by cutting the time for which pensioners can claim their benefits, my hon. Friend the Member for North Thanet (Mr. Gale) asked the Pensions Minister how much that amount was, and was told that the information was not held centrally. Can the Secretary of State now confirm that he has been supplied with the answer to that question, and share it with the House?

Ms Rosie Winterton: As my right hon. Friend the Secretary of State confirmed earlier, by 2050 we will be spending £250 million a year more on pensioners as a result of the changes we are making on backdating.

Mr. James Plaskitt (Warwick and Leamington) (Lab): I would like to see whether we can close a particular loophole in pensions law. A constituent of mine has been in a same-sex partnership for 28 years and he and his partner are now in a civil partnership, but were he to die, his civil partner would at present not get the same survivor benefits from his occupational pension as would a married partner. That is not equal, and it is not fair. Can we look at that issue again, to see whether we can achieve equality?

Ms Winterton: I know that certain changes to the Pensions Bill have come back to this House from the other place. I will look at whether any of them apply to the case that my hon. Friend highlights, and I will write to him about that.

T9. [237995] **Mr. David Jones** (Clwyd, West) (Con): Given the rapidly deteriorating unemployment situation throughout the United Kingdom, how satisfied is the Secretary of State that the regional benefit delivery centres have sufficient capacity to cope with the additional demands placed upon them?

James Purnell: We are very confident about that; we have been preparing for the past nine months. For example, the processing time for jobseeker's allowance is 10 days, which is down from our target of 11.5 days. I want to pay tribute to the people in Jobcentre Plus, who have been working overtime and opening on Saturday mornings to make sure we maintain the excellent service that Jobcentre Plus provides.

David Taylor (North-West Leicestershire) (Lab/Co-op): According to the National Pensioners Convention, more than 60 per cent. of pensioner couples live below the Government's poverty line of £151 a week, while the pensioner population is predicted to rise by 60 per cent. over the next 25 years. Is this not exactly the right time to bring forward from 2012 the restoration of the index link between average earnings and the state pension, and to combine personal tax allowances for pensioner couples? Would that not be a low-cost way of tackling pensioner poverty, and will the Minister slip that suggestion into the back of the Chancellor's notes now?

Ms Rosie Winterton: I know how hard my hon. Friend campaigns on behalf of pensioners, but I have to say that were we to do what he suggests this year, the amount they would get would be lower, so this year is perhaps not the time to take such action. As he knows, we have committed to restoring the link between the state pension and earnings in 2012, or by the end of the next Parliament at the latest. Pension credit is, of course, already linked to earnings. I take on board my hon. Friend's point about getting help to the poorest pensioners; we have lifted 900,000 out of relative poverty since we came to power, and we will continue to work on that.

Sir Patrick Cormack (South Staffordshire) (Con): Can the Secretary of State now answer the question that his colleague failed to answer, and tell the House how many workers have had their legitimate pension expectations confounded since 1997?

James Purnell: My colleague answered the question as set out on the Order Paper. As the hon. Gentleman knows, we have been protecting people's accrued rights and it is this party that put in place the pensions regulator and the Pension Protection Fund, unlike his party, which provided no protection for people at all, despite the facr that the shadow Foreign Secretary, the right hon. Member for Richmond, Yorks (Mr. Hague), was warned during the passage of the Pensions Bill of 1995 to do exactly that. We have put in place that protection. We fixed the roof while the sun was shining, and that is why people can be confident about their occupational pensions going forward.

Pre-Budget Report

3.29 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): My pre-Budget statement today is made against a background of economic uncertainty not seen for generations. These are extraordinary, challenging times for the global economy, and they are having an impact on businesses and families right across the world. In these exceptional economic circumstances, I want to take fair and responsible steps to protect and support businesses and people now, while putting the public finances on the right path for the future That is what I will do today.

My central objective is to respond to the consequences of this global recession on our country, both now and in the future, so that we are ready to take full advantage of the recovery of the world economy. My aim is to provide support and protection for families and businesses when they need it most; to maintain our commitment to investing in schools, hospitals and the nation's key infrastructure; and to put in place the measures necessary to ensure sound public finances in the medium term, so that as a country we live within our means. This is not one single initiative, but a comprehensive plan to support families, business and the economy. Because of the wide-ranging measures that I am announcing today and the many strengths of the British economy, I am confident that the slowdown will be shallower and shorter than would have been the case. I am also confident that the UK, as an adaptable and open economy, will be well positioned to benefit from a return to growth in the world economy.

First, let me turn to my assessment of the international economy. Because of better macro-economic policy decisions and continuing, deeper globalisation over the past 10 years, global growth has increased from 3 to 4 per cent.; inflation has fallen from 22 to 4 per cent.; and living standards have risen sharply, with 300 million people across the world lifted out of poverty. But a crisis that began, as America itself has said, in the US housing market has seen these benign conditions undermined. The problems in that sub-prime housing market rapidly spread to the entire global financial system, causing a disastrous tightening in credit and undermining confidence. The Bank of England estimates that global bank losses could eventually reach $3 trillion—that is as big as the economies of Italy and Spain put together. Global shares have fallen by 50 per cent. since May.

All this happened, too, at a time when the global economy was already suffering from unprecedented increases in energy, food and commodity prices. Those increases pushed up inflation everywhere, and added to the pressure on businesses and households. In the UK, inflation, although now falling, is still at 4½ per cent. In the euro area, inflation has been above the Central Bank target since mid 2007. In Spain, inflation peaked at 5.3 per cent., and in the US at 5.5 per cent. The result has been a sharp reduction in growth across the world: the euro area has been in recession since April; in Japan and Germany, gross domestic product has already shrunk by about 1 per cent. in the past six months; economic output is falling in the United States; and growth in China and India, too, has slowed sharply.

This is an unprecedented global crisis, but the World Bank and other institutions are confident that the global economy will recover strongly, predicting that it will double in size over the next two decades, helping to spread prosperity across the world. The root of today's problems are failings in the global financial system. The banking system is at the heart of all economies. Financial markets affect everyone's daily life: if they fail to function properly, the impact is felt right across our economy and by every one of us, so restoring and maintaining financial stability is absolutely crucial.

The causes of instability are global, so the Government's response must mean working closely together with other countries. Earlier this month, the Prime Minister and I attended the G20 summit in Washington. A wide range of measures was agreed to increase transparency of financial activities, ensure better international supervision and prevent excessive risk taking. It is crucial that this plan is implemented. So with the UK holding the presidency of the G20 next year, we will take the lead in doing all we can to prevent a reoccurrence of these problems. We will build on the work of the Financial Stability Forum, which, for some time, has been looking at international agreement on capital requirements that reflect the economic cycle and risk.

Domestically, too, we need to make supervision and regulation more effective. The Financial Services Authority is now considering changes across the regulatory system—including banks' capital requirements, liquidity conditions, accounting rules and pay structures. The new chairman of the FSA will also examine whether the right processes are in place to ensure that the FSA can supervise the system.

The current financial crisis has also illustrated two further issues. First, the recent financial turbulence has highlighted the potential problems with overseas territories and Crown dependencies, such as the Isle of Man and the Channel Islands—*[Interruption.]*

Mr. Speaker: Order. You must be quiet, Mr. Fabricant. If I can keep you quiet now, I can keep the Government side quiet when the shadow Chancellor gets up. Best be quiet.

Mr. Darling: The Crown dependencies, such as the Isle of Man and the Channel Islands, attract banking customers with lower taxes—without contributing to the UK Exchequer. But at times of stress, depositors need to know who will compensate them. The British taxpayer cannot be expected to be the guarantor of last resort, so I have asked for a review of those regulatory arrangements, which will report to me in the spring.

Secondly, we must resolve the situation highlighted by the Icelandic bank, Landsbanki, where billions of pounds of British savers' money was deposited in a foreign bank, with branches in the UK, with insufficient safeguards for those depositors. They were not adequately covered by the compensation scheme of the Icelandic authorities, so we had to step in to guarantee UK savers' money. So we are taking the lead at the European Union to tackle these shortcomings in international compensation arrangements. We cannot allow that situation to continue, and we have asked the European Commission to come back with recommendations by the spring.

A strong banking system is vital to the health of our economy. It needs to be fair and open, offering a range of services and lending demanded by consumers. Because

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of the Government's action over the past year, no retail depositors in British banks have lost out. Last month, we took action to improve confidence in the banking system and recapitalise the banks. By next month, banks will have accessed some £100 billion of funding under the credit guarantee scheme. Now that the scheme is up and running, and other countries are beginning to implement their own schemes, it is time to explore how it can further support lending to families and business. We shall continue to monitor the working of the scheme and improve it if necessary. I shall announce any changes shortly.

But we also know that the process to allow UK banks to raise money in the markets, through rights issues, is too slow and complex. Today, the rights issues review group, which I set up, has reported. I shall pursue its recommendations in full, which will make the process for raising equity capital faster and simpler. All these steps are aimed at combating instability, restoring confidence and improving protection for depositors, while defending the taxpayers' interests.

Our economy cannot insulate itself from this global financial turmoil, but the UK economy faces these challenges from a position of relative strength compared to the past. Even today, employment remains near record highs. The claimant count, while rising, is 2 million below the level of the 1990s. There are still today over half a million unfilled vacancies in the economy. Government debt last year was among the lowest in the major advanced economies. At the same time, we have been able to triple public investment in key services, transport and infrastructure. We did fix the many roofs that needed fixing—the roofs of schools and hospitals throughout the United Kingdom. While all other major economies suffered recessions, we saw the longest period of continuous growth in the history of this country. That has brought immense benefits, and tens of thousands of jobs across England, Scotland, Wales and Northern Ireland.

The UK is the world's leading financial centre, but because of the size of our financial sector we are likely to be affected more directly by a global financial recession. New lending has shrunk, down by a third since March. With mortgages harder to get and more expensive, this has hit property markets, with prices falling by 11 per cent. over the same period.

Mirroring the big falls in the world stock markets, UK share prices are down by almost a third. These falls came as businesses and families were already having to meet rising energy and food bills, which squeezed incomes and led to lower spending on other goods and services. The combination of higher prices and tighter credit has inevitably put downward pressure on growth here in the UK and across the world. The volatility in prices was underlined last month when inflation fell from 5.2 per cent. to 4.5 per cent, the biggest monthly drop in 12 years. But while it is volatile, inflation is expected to continue to fall, and this has already made room for the Bank of England to cut interest rates by 2 percentage points since October, to a 50-year low of 3 per cent. For the millions of people on tracker mortgages, this cut in interest rates will be worth on average around £100 a month off their mortgage payments. But monetary policy—interest rates—on its own is not enough to stimulate the economy, as most people recognise. So we need action now to boost economic activity, together with the real help that I will announce today, to help us to emerge more more quickly, and to emerge stronger, from these difficult times and to face the future with confidence.

I now turn to the detail of the economic forecast. These forecasts are made against a background of sharply deteriorating conditions across the world. The International Monetary Fund is forecasting a year-long fall in output next year across all advanced economies—;the first time that this will have happened since 1945. The UK is no exception. UK GDP contracted by 0.5 per cent. in the three months to September. Growth this year is forecast to be ¾ per cent., which reflects a further fall in output in the fourth quarter of this year. The IMF is forecasting that the United States, Germany, Japan, France and Italy—as well as the UK—will all contract next year as a result of weak consumer spending and business investment.

I, too, am forecasting that output will continue to fall in the UK for the first two quarters of next year. But then, because of decisions taken in this pre-Budget report, I expect it to start to recover, and GDP growth for 2009 is forecast to be between minus ¾ per cent. and minus 1¼ per cent.

Inflation is forecast to come down sharply, reaching ½ per cent. by the end of next year. Lower commodity prices and lower interest rates, which boost incomes and help business profits, together with the fiscal reaction across the world, will also help. As an open and flexible economy, the UK is well positioned to benefit from this recovery. As a result, and as the world economy recovers from the credit crunch, the United Kingdom's economy will begin to grow again. I am forecasting growth of between 1½ and 2 per cent. in 2010. In the years after that, the economy will continue to recover. Trend output—or the productive potential of the economy—will initially fall, but in future years the economy will recover towards a rate of trend growth of around 2¾ per cent.

Every country in the world is facing the impact of this crisis on its own economy, but there is a growing international consensus—although unfortunately not shared in the House—that we must act now to protect people and to help pull our economies out of recession, for there is a choice. One can choose to walk away, let the recession take its course, adopt a sink-or-swim attitude and let families go to the wall. That is no action plan. Or one could decide, as I have decided and as Governments of every shade around the world have decided, to support businesses and to support families by increasing borrowing, which will also reduce the impact and length of the recession.

I will do whatever it takes to support people through these difficult times. That is why my pre-Budget report today represents a substantial fiscal loosening to help the economy now with a £20 billion fiscal stimulus between now and April 2010, around 1 per cent. of GDP.

Before I describe the detail of how the Government will support people, let me turn to the fiscal framework that will help us to ensure fiscal sustainability. The Government introduced the code for fiscal stability in 1998, committing themselves to conducting fiscal policy in accordance with a clearly stated set of principles.

Our objectives are and remain to support the economy, to ensure medium-term sustainability and to maintain public investment. It meant that we were able to more than triple public net investment from 0.6 per cent. of GDP in 1997 to over 2 per cent. now. At the same time, we cut the Government debt from 42 per cent. of GDP in 1997 to 36 per cent. in 2007. Today, I publish the Treasury's assessment of the last economic cycle, which is supported by the independent National Audit Office. It shows that the last cycle started in 1997 and finished in the second half of 2006, and this means that the Government met both their fiscal rules over the last cycle.

The average current budget balance, over the cycle, was 0.1 per cent of GDP. But today, Britain—like every other country in the world—faces an extraordinary global crisis, which means significantly lower tax revenues, both now and in the medium term. In the current circumstances, to apply these rules in a rigid manner would be perverse and damaging. We would have to take money out of the economy, making a difficult situation worse. So it is right that, in this pre-Budget report, we do all we can to support the economy, but also to ensure fiscal sustainability in the medium term.

Consistent with the code for fiscal stability, the Government are setting a temporary operating rule that requires us to set policies to improve the cyclically adjusted current budget each year, once the economy emerges from the downturn, so that it reaches balance and debt is falling as a proportion of GDP once the global shocks have worked their way through the economy in full.

The fiscal projections that I set out in this pre-Budget report are consistent with returning to current balance and debt falling as a share of the economy by 2015-16. They imply, as the economy emerges from the downturn, an adjustment in the cyclically adjusted current balance of over 0.5 per cent. a year from 2010-11, which will set us on a path to deliver our objectives of supporting the economy, ensuring sustainability and maintaining public investment. In addition, to increase transparency even more, I have asked the NAO to audit the Treasury's analysis of the cyclical fiscal position.

I now want to turn to the forecast for the public finances. Because of the economic situation, tax revenues are falling across the world. As company profits fall, so do the proceeds from corporation tax. Receipts from the financial sector alone are expected to reduce by 35 per cent. this year. Slower growth in wages means less income tax. Fewer people buying houses and falling prices mean less money from stamp duty, where tax take is down 40 per cent. Because of the scale of these global problems, it is inevitable that tax revenues will take some years to come back up. That all means that borrowing will be significantly higher than forecast.

As a result of the combined effect of lower revenues, our commitment to maintain spending and extra support to the economy, borrowing will rise to £78 billion this year and £118 billion next, or 8 per cent. of GDP. But then, from 2010, as I take action to reduce borrowing when the economy begins to recover, borrowing will fall to £105 billion, then £87 billion, then £70 billion and then £54 billion. By 2015-16, we will again be borrowing only to invest. *[Interruption.]*

Mr. Speaker: Order.

Mr. Darling: This means that the projection for the underlying budget deficit, excluding investment, will be 2.8 per cent. of GDP this year and 4.4 per cent. next year. But consistent with my commitment to sustainability and as a result of my announcements today, the underlying budget deficit, excluding investment, then improves, as a share of GDP, to 3.4 per cent., then 2.3 per cent., then 1.6 per cent. and 1 per cent., projected to reach balance by 2015-16.

The economic crisis and the action by Governments across the world inevitably mean sharp increases in national debt relative to GDP—we will be no exception—but because we started from a stronger position, our debt will remain below that of other major countries. UK net debt, as a share of GDP, will increase from 41 per cent. this year to 48 per cent. in 2009-10, then 53 per cent., before peaking at 57 per cent. in 2013-14.

If we did nothing, we would have had a deeper and longer recession, which would cost the country more in the long term. So in these exceptional circumstances, allowing borrowing to rise is the right choice for the country, as the CBI, the Institute of Directors, the Institute for Fiscal Studies, the IMF and many other countries have all said in recent weeks.

We will continue to invest in public services, just as we have done over the last 10 years. Investing in school or hospitals, or modernising infrastructure and transport links, is not just an effective way of stimulating the economy, safeguarding jobs and protecting incomes. It is also vital for the future strength and health of our country. We have seen in the past the long-term damage that cutting public investment has on the essential fabric of the country and the support that people need. Since 1997, we have doubled the NHS budget, cutting hospital waiting lists. Spending on education is 60 per cent. higher, improving schools and exam results. Transport spending is up by 70 per cent, with over 130 major road schemes, and record numbers now travelling by rail.

Total Government spending on much-needed investment and public services has increased from £322 billion 10 years ago to £584 billion last year. Through the current spending review, we will continue to support and improve key public services, to meet the ambition of the people of this country. The challenge is to continue to deliver these improved services while ensuring that we continue to get value for money.

Today I can tell the House that, since 2004, the Government have delivered £26½ billion of efficiency savings, exceeding the target set by Sir Peter Gershon by £5 billion. Building on this, in last year's comprehensive spending review, we committed to improve value for money, targeting a total of £30 billion by 2010-11, without putting public services at risk. But as the original Gershon report said, there is a point at which front-line public services would be affected—and we will not pass that point. However, having carefully considered the extent and the limits of efficiency savings, today I can announce that the Government will now find an additional £5 billion of efficiencies in 2010-11 for a total saving of more than £35 billion over three years.

We know extra savings are achievable because independent reviewers have identified new efficiencies across public sector operations, coming through lowering the cost of back-office operations, better procurement, and examining property holdings and asset sales. By continuing to make efficiency savings, we can help to

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fund the action needed to help families and business, but we will also ensure that spending continues to rise from £584 billion last year to £682 billion by 2010-11. In the next spending review thereafter, we will continue to put money into public services and investment, to maintain the gains of the last decade, by increasing current spending by an average 1.2 per cent in real terms. As businesses and families across the country watch what they spend, it is only right that the Government work even harder to make savings.

I now want to turn to a wide range of measures that I am taking to support the economy and the people of this country. They will help businesses, support home owners and boost people's incomes now. Bringing forward capital spending on major projects supports jobs and businesses, and I want to do more. It is right that, at this time, we reprioritise investment from within the existing three-year limits, so that more money is being spent now, when the economy is weaker.

I can announce today that £3 billion of capital spending will be brought forward from 2010-11 to this year and next. That money will be used to increase capacity in the motorway network, improve and build new social housing, renew primary and secondary schools, and invest in energy efficiency measures. I have looked at these programmes in detail, and I know that they can be delivered on this revised time scale. It will put people to work; it will renovate infrastructure; and it will modernise schools and create more fuel-efficient homes. That is all vital for the future prosperity of the country, supporting jobs in key industries. It is only possible because I am prepared to take action now.

This spending will help to put the money into the economy in the coming months, but to prevent the recession from deepening, we also need to take action to put money into the economy immediately. I have looked at a wide range of ways in which we might achieve this. I have decided that the best and fairest approach is a measure which will help everyone, including millions of households that pay no direct tax at all, and it is to deliver a much-needed extra injection of spending into the economy right now. I therefore propose to cut VAT from 17½ to 15 per cent. until the end of next year. This reduction will come into effect next Monday, 1 December. It will continue for 13 months before returning to the present level of 17½ per cent. at the beginning of 2010, by which time we expect the recovery to be under way. This temporary reduction is equivalent to the Government giving back some £12½ billion to consumers to boost the economy. We would like retailers to pass it on as soon as they can. It will make goods and services cheaper and, by encouraging spending, will help stimulate growth. Again, this is possible only because I have rejected advice to take no action.

I am also taking additional measures to help people on modest, low and middle incomes. In May, I announced an increase, for this year alone, in the income tax personal allowance—a benefit of £120 a year for basic-rate taxpayers. I have decided to make that temporary tax cut permanent, and I have also decided to increase it to £145 a year in April. That will benefit 22 million basic-rate taxpayers. My announcement in May helped 4.2 million households that were affected by the abolition of the 10p rate, and this announcement will help another half a million households—not just this year, but for good.

Along with those immediate steps to help businesses and families now, I am also announcing measures to ensure sustainable public finances in the medium term. I have considered a number of options to raise revenue in future years, and I have chosen those that are fairest and affect those who have done best out of the growth of the past decade. By 2011, we expect the economy to be recovering strongly, profits to be rising and incomes to be growing at close to 4 per cent., as they have done over the past decade. Today's pre-Budget report shows that the tax burden, as a share of gross domestic product, will fall from 36.3 per cent. last year to 35 per cent. in 2011-12. Against that background, I propose from April 2011 to increase by ½ per cent. all rates of national insurance contributions for both employees and employers.

To ensure that the increase does not fall on those on low or modest incomes, I have decided, at the same time, to raise the starting point for national insurance to align it with that for income tax, so that no one on under £20,000 will pay any more national insurance contributions as a result. Secondly, those with the highest incomes have seen their earnings almost double since 1996, so—again from April 2011—I intend, only on income over £150,000, to introduce a new rate of income tax of 45 per cent. This higher rate of tax will affect only the top 1 per cent. of incomes.

I also intend to withdraw the long-standing anomaly of the income tax system under which the personal allowance is worth twice as much to higher-rate than to basic-rate taxpayers. Again, I will protect those on middle incomes; this will affect only those earning over £100,000—that is, the top 2 per cent. So from April 2010, those with incomes between £100,000 and £140,000 will see the value of their personal allowance reduced, so that they get the same benefit as basic-rate taxpayers. For people with incomes above £140,000, I will withdraw the full value of that personal allowance. I also intend to maintain the ceiling on tax relief given to people with pension funds of up to £1.8 million until and including 2015-16.

The reduction in VAT lowers the amount of tax paid on tobacco, alcohol and petrol. In addition, of course, petrol prices have come down by about 7p a litre since last month alone, so I will offset the VAT reduction by increasing those duties to an amount that will keep the overall cost to consumers the same this year. Of course, if we see a stronger economy and increased tax revenues—*[Interruption.]*

Mr. Speaker: Order. Let the Chancellor speak.

Mr. Darling: If we see a stronger—*[Interruption.]*

Mr. Speaker: Order. Mr. Robathan, I expect better from the shadow deputy Chief Whip.

Mr. Darling: If we see a stronger economy and increased tax revenues, we will review whether we need to take these tax raising measures, but I believe that it is right that, as we all benefit fairly from the exceptional measures we take today, we should all share fairly the burden of the future. Taken together, these steps will ensure that there is extra money flowing into the economy now when it is needed most, but we can reduce borrowing as growth returns. And as a result of my decisions today to provide support now and to balance the books in the future, I will bring the current budget back into balance by 2015-16: fiscal support now and fiscal sustainability both now and in the future.

Small and medium-sized firms are the engine of our economy. They make up the vast majority of businesses and employ around 60 per cent. of the private sector work force. They also face continuing difficulties with cash flow and credit. I know that many profitable businesses are concerned that those twin problems threaten their future, and I want to help them. So, my objectives today for businesses are threefold: first, to help equip them for the challenges of the future; secondly, to improve access to credit and ease cash flow; and thirdly, to reduce burdens on them at this difficult time. I will maintain a focus on the long-term competitiveness of the UK, to increase our attractiveness as a base for global businesses. To do so, I will introduce an exemption for foreign dividends in 2009 for large and medium businesses, and improve our rules for taxing controlled foreign companies. To build on that, I have also today published an analysis of the long-term global trends impacting on the UK economy, and the Government's response to them.

Small businesses need help to reduce their costs, and I have two announcements to ensure that they receive this help. First, to help small firms meet their running costs, I can announce a temporary increase in the threshold for empty property relief. From 2009-10, all empty commercial properties with a rateable value below £15,000 will be exempt from business rates. This exemption covers an estimated 70 per cent. of all empty properties.

Secondly, at this time of real difficulties for many small businesses, they need time to pay when meeting their tax bills, and I intend to meet that need. From today, Her Majesty's Revenue and Customs will enable firms facing difficulties to spread their tax on a timetable that they can afford. This will cover not just VAT, as some have suggested, but all business taxes—VAT, corporation tax, income tax and national insurance; and not for six months, but for as long as they need. That is real help when businesses need it most. I will also allow several hundred businesses in ports to spread out their payment of backdated business rate bills.

We must continue to address the difficulty that many small and medium-sized firms face in getting loans. As part of the recapitalisation scheme, we agreed that banks receiving Government funding would maintain the availability of lending to small and medium-sized enterprises at 2007 levels, and I welcome the commitment announced at the weekend by Royal Bank of Scotland, one of the recapitalised banks, not to increase pricing on SME overdraft prices for at least a year. That will give security and reassurance to up to 1 million small businesses, and it should become the benchmark for all UK banks. We are closely monitoring the commitments given by banks to treat business customers fairly and decently, and I will take whatever action is necessary to make sure that that happens.

We are also acting directly to improve access to finance. First, we have agreed a £4 billion deal with the European Investment Bank to provide money to the banks to pass on to small and medium-sized enterprises, and I can report today that seven UK banks have already asked the EIB for that money, and £1 billion will be available to their customers by the end of this year.

Next, I can also announce that the Government are able to offer credit through a temporary small business finance scheme, and that is worth another £1 billion to small businesses. It should allow small businesses to borrow sums from £1,000 to £1 million on more flexible terms than before, making lending more affordable and easily accessible. That will help SMEs experiencing short-term cash-flow problems to get the funding that they need. We are also going to support companies that export, through the Export Credits Guarantee Department. From January, it will offer a temporary facility to support the availability of short-term working capital for smaller exporters, and that will mean yet another £1 billion worth of support to help ease the financing constraint faced by firms trading in the current difficult circumstances. So that is real support, quickly, for all types of small business, and it is possible only because we have made a deliberate choice to support businesses through this crisis.

I have two more measures to announce to help business save tax. First, I have decided to defer the increase in the small companies rate of corporation tax that firms pay on their profits. That will provide a boost to small companies, leaving their tax rate in 2009 unchanged. Secondly, I want to support viable small companies that are finding it harder to make a profit at the moment. We already have a system of tax repayments, which are available to help those businesses, previously profitable, but now making losses. Currently, companies are able to offset losses only against profits made in the last year, but it is important to offer more support to businesses at the moment. So I am today extending this repayment scheme so that losses of up to £50,000 can be offset against profits made for the last three years. An estimated 75,000 businesses will benefit from this change, by receiving tax repayments. And of these, 90 per cent. will have their full current losses wiped out.

This is a comprehensive package of support, which business has been asking us to provide. A package to support businesses—£1 billion-worth of tax cuts and £2 billion in loan guarantees, along with £4 billion of European money. That is a £7 billion package of measures—real help. It is funding that we can provide because we have decided to take action to support our economy through this recession.

I believe that these steps will help businesses through their current difficulties and enable them to invest so that they can make the most of the opportunities that will arise when the global economy recovers. I am also determined that the present economic uncertainty will not push aside the importance of protecting the environment and our long-term needs for a greener and secure energy future. We are already on track to exceed our emissions reduction targets under the Kyoto protocol, and we are further ahead than all the other G7 countries. We have now increased our commitment for emissions reductions to be at least 80 per cent. by 2050—by far the most ambitious in the G7. Through the Climate Change Bill and the new five-year carbon budgets, the UK becomes the only country in the world where legislation sets a binding commitment to cut emissions. The

[*Mr. Darling*]

Government will set out detailed proposals for meeting that new carbon budget, laid before Parliament in the summer of next year.

Our climate change strategy is based on a range of policies—encouraging more fuel-efficient businesses and transport; better energy use at home; and targets for renewable energy generation. Central to that is the European Union emissions trading scheme. Last week, we conducted the first auction of carbon allowances in Europe, which gives firms the incentive to cut overall emissions. As the Government have demanded, aviation will now be included in the emissions trading scheme from 2012. That is a major step towards achieving our environmental objective of reducing the impact of aviation on climate change. It has enabled me to look again at our proposals for reforming air passenger duty.

Last year, there was cross-party support for a reform of air passenger duty and converting it to a tax per plane. Much as I am in favour of a bipartisan approach, it seems in this case not to have reached the right conclusion. I believe that this proposal could harm the aviation industry at a time when it is facing huge problems. So instead, I have decided to reform air passenger duty into a four-band tax system, ensuring that those who travel further and have a larger environmental impact meet the cost. I believe that this will be a better and more effective way of reducing emissions from aviation.

Improving insulation and energy efficiency will also help us reduce emissions, as well as cutting energy bills for families. In September, we announced a £6.8 billion home energy-saving programme. This is expected to lead to a 70 per cent. increase in installation rates for cavity wall and loft insulations this winter. The Warm Front scheme has already used its additional £50 million to help modest-income households get free energy efficiency measures. Today I can announce that I am providing an additional £100 million in new money and bringing forward another £50 million, to help up to 60,000 more households insulate their homes.

The most pressing energy problem for many families is paying heating bills. We have already tripled cold weather payments for this year, up to £25 a week, for those on modest incomes. But I know that there is widespread concern that the fall in the price of wholesale energy has not been reflected quickly enough in reduced household bills. I can tell the House that Ofgem, the regulator, is to monitor price changes and publish quarterly reports detailing the link between wholesale and retail prices. Alongside that, if sufficient progress is not made in the next few months in closing gaps in pricing between payment methods, the Government will use statutory powers to end unjustifiable pricing differentials.

Oil and gas from the North sea remain an important part of our energy supply. I am consulting closely with the industry over how, together, we can put in place the right incentives to increase production from marginal oil fields.

The economic recovery must support our environmental objectives, and not come at their expense. Government policies will drive more than £50 billion of investment and activity in the low-carbon sector over the next three years. This year, we became the world leader in offshore wind energy capacity, but we must make even more of our transition to a low-carbon world. As part of our commitment to bring forward capital spending, the Government will invest £535 million more quickly on energy efficiency, rail transport, and environmental protection. That will mean more homes benefiting from better heating and insulation, better flood defences as well as 200 additional trains. That is one of the many steps we are taking to secure high-value green-collar jobs—a potential 1 million jobs in the low-carbon industries in the next 20 years.

I have one further announcement in this context. Renewable energy, along with nuclear power, will play an increasing role in meeting our energy future. I can announce today that the Government will, therefore, extend the renewables obligation for an additional 10 years to 2037. By requiring energy companies to generate a share of energy from renewable sources, that obligation will underpin investor confidence and support the development of renewable energy. We are taking the right long-term decisions to protect the environment, to ensure low-carbon jobs, and to provide energy security.

I also want to take steps to improve the supply of mortgages, to avoid repossessions, and to increase the number of new homes. Today, I can set out proposals to do that. The current problems in the housing market are a result of the credit crisis, which has drastically reduced the opportunities for people to get a mortgage loan. Last month, we took decisive action to recapitalise the banks so that they could maintain the availability of lending, including mortgages. Today, I welcome the publication of Sir James Crosby's report on finance in the mortgage markets. His principal recommendation is that the Government should support the mortgage market by providing, for a temporary period, guarantees for securities backed by new mortgages. I share Sir James's concerns about the availability of mortgage finance. To implement his recommendation, the Government would need to obtain state aid approval from the European Commission and resolve some of the technical and practical considerations. However, we will work up a detailed scheme based on his recommendations and seek state aid approval to proceed. I will also take into consideration the interaction between that proposal and the credit guarantee scheme, and I will report back by the time of the Budget.

I am also setting up a new body, a lending panel, which will monitor lending both to businesses and households. It will bring together the Government, lenders, trade bodies, consumer groups, regulators and the Bank of England to monitor lending levels and practices by the banks. We intend to consider how else we can help to ensure that those in work but facing financial difficulties can remain in their homes. It is not just the availability of new mortgages that is a problem in the housing market; it is also fears about meeting the cost of existing loans.

It is right in these cases that repossession should be the last resort, and I am pleased to say that this has been recognised by the lenders. The major lenders have agreed today that when someone is facing repayment difficulties with their home mortgage, they will wait at least three months after the borrower falls into arrears before initiating repossession proceedings. That will give many home owners time to work with lenders to find a solution. I also welcome the commitment, lenders to explore all possible options, including accepting a minimum payment, or mortgage rescue products, before and after home owners get into difficulty. It is also important that families worried about their finances and mortgages can get expert and impartial advice, so I am announcing today £15 million of new funding for free debt advice, available to everyone, regardless of their circumstances, and available across the whole country.

I intend to take two further steps to help home owners facing financial difficulties. First, in September we extended the support for the mortgage interest scheme, which covers mortgage interest payments for those who have lost their jobs. Today I can announce that we will increase the upper limit of that scheme for mortgages up to £200,000 from the present limit of £100,000. That will, I hope, ease worries for home owners who have lost their jobs as they look for new employment. I have also agreed that, for six months, the level of interest rates covered by the scheme will remain, despite the recent base rate fall, at just over 6 per cent.

Secondly, I can also announce new mortgage support for people in work. In September, we set up a mortgage rescue scheme, which is helping vulnerable home owners who face difficulties to stay in their homes. Today, I am extending that scheme so it will also cover those at greater risk as a result of taking out second mortgages. Together, that provides help against repossession worth £200 million.

First-time buyer demand, and long-term housing supply, are the two essential cornerstones of the housing market. In September, to boost the market as a whole, I agreed £700 million of Government spending for new social-rented homes and shared equity schemes, and we agreed that they should be brought forward to this year and the next.

Today, as part of the acceleration of capital spending, we will bring forward an additional £775 million this year and next to invest in thousands of new and modernised social homes as well as regeneration projects. Overall, this is a package of support for housing worth £1.8 billion—support that can be provided only because I have decided that we must act to give people real help. It will help home owners of today to stay in their homes, and help the home owners of tomorrow to buy their first home.

As the economy slows, it is crucial that the Government minimise the impact of that on employment. Unemployment has started to rise and people's worries have increased about losing jobs and the difficulty of finding another one. I am determined to do what I can to ease those concerns and to help those who are made redundant move quickly into a new job.

The evidence shows that the longer people are out of work, the more difficult it becomes to re-enter the labour market. Since 1997, we have made good progress on offering people the individual support that they need to find a job. We have halved the time it takes to find new work. Even as unemployment has been rising over the last three months, 1.2 million people have found new jobs.

I have three proposals to make. Those facing redundancy need greater support. As the success of the rapid response service of Jobcentre Plus has demonstrated, support in the workplace in the form of advice on job-search, careers and accessing existing vacancies can make a huge difference to employment prospects. We will now further expand that service so that its work includes all redundancies, not just those at the largest workplaces. And to complement that, I will offer greater provision of pre-redundancy retraining through the Train to Gain scheme. We will also target the successful local employment partnerships not just on the harder to reach groups, but also on the short-term unemployed.

There are still over half a million unfilled vacancies, and today I can announce a new initiative to help to fill them through national co-operation with the country's major employers. The national employment partnership, chaired by the Prime Minister, will involve 20 of the largest employers, including Tesco, Centrica and the Royal Mail, who have agreed to take part. Together, they employ over 2 million people. I welcome their commitment to work with us in speeding up recruitment, increasing vacancies through Jobcentre Plus and stepping up access to work-related training.

It is the high-quality support provided by Jobcentre Plus and the new deal programmes to those out of work that has underpinned the success in the last few years in helping people quickly back into employment. I am determined to provide the resources so that the network can continue its excellent service, and I am setting aside additional funding to ensure that Jobcentre Plus and the new deal have sufficient capacity.

Today's employment measures are worth a combined £1.3 billion—essential to prevent a temporary job loss from becoming permanent unemployment. Again, all of those measures are possible only because we have taken the deliberate decision to support businesses, protect jobs and help home owners. I have set aside £1 billion in the reserve so that we can continue to help during difficult times and ensure that we emerge from the current downturn stronger and ready to seize the opportunities in front of us.

I can also announce additional help for people of all ages. Turning first to motorists, we rightly have a system of car taxation that takes into account the environmental impact from different types of car. In the last Budget, I announced that I was going to take this further by increasing the number of bands for vehicle excise duty.

As planned, the differential first year rates, which people pay when they buy a new car, will be introduced in April 2010 because they give powerful incentives to provide less polluting cars.

I intend to go ahead with the introduction of new bands, reflecting fuel efficiency, but it would be wrong to do this in a way that places undue burdens on motorists at this time. So I have decided to help people by phasing in new rates and lower rates of increase.

First, in 2009, duty rates for all cars will increase by a maximum of only £5, as has been normal practice for a number of years. Secondly, from 2010, we will bring in differential increases in duty. In the original proposal, some cars would have seen increases of up to £90. Instead, I now propose that the more polluting cars will see duty increased, but up to a maximum of £30, and less polluting cars will see no increase, or a cut of up £30.

For savers, we want to encourage those with modest incomes to put money aside. To help them, we are setting up a saving gateway, which will mean that the Government add money to every pound saved. From 2010, up to 8 million people on low incomes who put money into the saving gateway will get 50p added for

[Mr. Darling]

every pound that they save. The saving gateway will be widely available through a range of banks, building societies and credit unions, and also the Post Office.

I also intend to step up help for families with children. We have already announced that the child element of the child tax credit will increase by £50 above indexation next April. We have also announced a further increase in that credit of £25 above indexation in 2010. I now intend to pay both those increases together this April, making it worth, in total, £2,235 for modest-income families.

The Government are also working with local authorities to improve further the take-up of tax credits and benefits, because they have a key role in working well with families to tackle disadvantage and to extend opportunities for children.

We are introducing a child poverty Bill next year, which will set in legislation our historic commitment to eradicate child poverty by 2020. I have already announced that child benefit, which was only £11.05 in 1997, will increase from £18.80 to £20 a week in April next year. We are supporting families as well as creating opportunities for all children.

I also want to do more for pensioners. First, for pensioners on modest incomes, I can announce today an increase in pension credit in April. I will increase it from £124 to £130 a week for individual pensioners, and from £189 to £198 for pensioner couples. That is an increase above indexation—and the biggest increase in pension credit since it was introduced in 2003.

I can also confirm that state pensions will increase in line with the highest rate of inflation this year. This will increase the basic state pension for a single person from £90.70 to £95.25—an increase of £4.55 a week. Now that inflation is expected to fall quickly, pensioners should see a real benefit.

I do not want people to have to wait for this extra money. I want them to get it as quickly as possible, which will benefit them as well as the economy. So families will not have to wait until April to receive their increase in child benefit. Instead, they will start to get it in January—three months early.

I want to do the same for pensioners. Pensioners are already getting the winter fuel payment—increased again this year. However, I want to do more. So I will ensure that every pensioner gets a one-off payment of £60, on top of the £10 Christmas bonus, from January. For couples, that figure will be £120, also paid from January. That £70 payment will also go to children with disabilities.

In total, 15 million people will gain from the beginning of next year. We are helping pensioners, children and the economy.

These are exceptional times and they require exceptional measures. They require action now to help people—and action now to help build a stable economy. We have made our choice. We are helping businesses and home owners. We are helping people into work and boosting incomes.

All that is possible only because the Government have taken the deliberate decision to support people and businesses through these difficult times.

I commend the statement to the House

Mr. George Osborne (Tatton) (Con): Listening to the Chancellor's speech, no one can doubt now that the Prime Minister's claim to have abolished boom and bust was one of the greatest deceits ever told to the British people.

The Chancellor has just announced the largest amount of borrowing ever undertaken by a British Government in the entire history of this country. What he did not admit is that he is going to double the national debt, to £1 trillion, and that a national debt that has accumulated over centuries is going to double in just five years. That is the bill for Labour's decade of irresponsibility, initiated by the Prime Minister. To pay for it, the Chancellor has put in place a huge unexploded tax bombshell, timed to go off underneath the future economic recovery.

The Chancellor talked about a 0.5 per cent. adjustment, but Labour Members did not understand what that means. It means that he is giving £20 billion in giveaways and taking back £40 billion in higher taxes, including the major rise in national insurance—a tax on the jobs and incomes of middle Britain. That is confirmation of the time-old truth that in the end all Labour Chancellors run out of money and all Labour Governments bring this country to the verge of bankruptcy.

Stability has gone out of the window. Prudence is dead. Labour has done it again. Massive borrowing; rising unemployment; tax giveaways for Christmas, paid for by tax rises for life; giving with one hand and taking with another—everything that we have come to expect from this Prime Minister. He says that the recession will end halfway through 2009, but the tax rises will not come in until 2011. I wonder why he chose those dates. This Budget is all about the political cycle and not the economic cycle.

Those borrowing figures are on a scale never before heard in the House of Commons. The £78 billion this year is almost double what the Chancellor forecast just eight months ago. The £118 billion next year is a record percentage of national income. He has added £512 billion to the national debt over the next six years—and by the way, that is based on growth forecasts that are vastly more optimistic than those of most independent forecasters. That means that the Chancellor is borrowing more on the nation's credit card than all previous Governments put together. Now the Chancellor is taking out another credit card, for, like the gambler who cannot give up, he still thinks that he can borrow his way out of debt.

These are the excuses that the Chancellor has deployed. First, he claims that the recession has nothing to do with the people who have been running the country's economic policy for the past 10 years. "It's all America's fault," he says. What total nonsense. Was it America that gave Britain the biggest housing boom in the world? No. Was it America that gave Britain the highest levels of personal debt of any country in history? No. Was it America that gave Britain the largest budget deficit in the developed world? No. It was this Labour Government. No American politician said that they had rewritten the laws of economics. No American Treasury Secretary boasted that he had done away with the trade cycle and abolished boom and bust. It was the Prime Minister who said those ludicrous things, over and over again. He mistook a boom for stability and he never prepared Britain for the bust.

The second excuse that the Chancellor made today was that he faces this recession from what he called a position of relative strength. Relative to whom? If he spoke to anyone other than the Prime Minister, he might find that his is not a view widely shared in the world. If he is right that Britain is better prepared, could he answer this simple question: why is the recession predicted to be worse here than anywhere else?

The Chancellor reeled off a list of countries. Let me give him this list from the IMF. It says that Britain's recession will be more severe than those in America, Germany, France, Italy, Japan, Spain and every other major economy in the world. What about this list from the Commission? Britain's structural deficit is almost double that of France, three times that of Italy and more than 10 times larger than the deficit in Germany. The truth is that the Prime Minister built our economic growth on the pillars of finance, housing and Government spending, without once stopping to think what would happen if the pillars collapsed. He ran a huge budget deficit on the unstable premise that he could milk the City every year, and never considered what would happen to public finances when the money ran dry. He did not fix the roof when the sun was shining.

That leads us to the third excuse used by the Chancellor today. He believes that the temporary tax measures that he has announced will deliver some huge demand boost to an economy that the Government have led into recession. Let us be clear that half of those measures are to compensate people for the Government's own 10p tax con and to delay the tax rises that he announced from the Dispatch Box just eight months ago. Labour MPs cheered the measures when they were introduced and now they cheer them when they are scrapped. I doubt whether the rest of the country will be so pathetically grateful that the Chancellor is going to wait a year or two before clobbering their family cars, empty properties and small businesses.

As for the temporary VAT reduction, we will see whether it has the great economic effect that the Prime Minister expects. The Chancellor did not tell us that the German and French Governments have today ruled out a similar move because they do not think it will be effective. He did not tell us that already today many retailers are questioning the cost of implementing it and the impact that it will have on the high street, given that many shops are already selling things at 20 or 30 per cent. off. Borrowing money for a temporary cut when prices are already falling, and telling people that their taxes will go up to pay for it, is not much of a stimulus.

What will make a difference are the massive new taxes on ordinary incomes and jobs that are just around the corner. The Chancellor got a cheer from the Labour Benches when he announced the higher top rate of income tax—no surprise there—but it will raise less than 5 per cent. of the black hole that he has to fill. It is designed to distract attention from the billions of pounds of extra taxes that are on their way for millions of hard-working families. Now we know at least one of those tax rises: national insurance, an income tax in all but name. The Chancellor did not give his figures, so I will: a £4 billion tax increase on families and jobs; more in tax for a qualified nurse, more for a police officer; £100 million on the annual NHS wage bill; £2 billion from British business. That is not just a bombshell; it is a precision-guided missile at the heart of a recovery.

The final excuse that we heard from the Chancellor today was that, despite all the economic evidence of the past 40 years, Britain can borrow and spend our way out of this recession. Does he not see any parallels in what happened to Japan, which followed the path that he advocates and found itself saddled with debt and stagnation for a decade? The international bodies that he quotes in his defence have clearly stated that fiscal stimulus is an option only for countries with strong public finances. Perhaps this generation of Labour politicians needs to be reminded of what Jim Callaghan told them at a Labour party conference—*[Interruption.]* The Lord Chancellor was probably there.

> "We used to think that you could spend your way out of a recession and increase employment by cutting taxes and boosting government spending. I tell you in all candour that that option no longer exists".

If the candour of the last unelected Labour Prime Minister will not do, we can listen to what the current unelected Labour Prime Minister used to say:

> "We have learned from past mistakes…you cannot spend your way out of a recession".

It turns out that he has forgotten past mistakes, and now he is condemned to repeat them.

The Chancellor could have taken a different path today—the path of radical monetary action and responsible fiscal policy. That is the right route out of a recession. Instead of boasting about the bank rescue abroad—*[Interruption.]*

Mr. Speaker: Order. Mr. Campbell, try and break the habit of a lifetime and be quiet. While I am on my feet, Mr. Ruane, you are not so good either. I have seen you. Try and be quiet.

Mr. Osborne: The hon. Member for Blyth Valley (Mr. Campbell) is very excited because he has his U-turn on the vehicle excise duty increase, for which he has been campaigning for so long. Unfortunately, it is coming down the track.

Instead of boasting about his bank rescue abroad, the Chancellor could have made sure that he was rescuing the real economy at home. He could have got credit moving through the veins of the economy by telling us that he was directly insuring business lending—to keep small businesses going—instead of storing up tax rises for them in the future. He could have helped the private sector get back on its feet with properly funded help on tax bills and employment costs, instead of piling on them crippling debts and national insurance bills that will take ages to pay off. Instead of yet another phoney efficiency review while public sector waste runs rampant, he could have brought proper restraint and independent oversight to the way that public money is spent. He could have got a grip on Government spending so that in future the state would live within the country's means. That is what we would do and he would not. Instead he offers temporary tax give-aways paid for by a lifetime of tax rises for the British people, the national debt doubled and the future mortgaged to bail out the mistakes of the past.

This is exactly the road Britain is now on with this Prime Minister and this reckless Budget. Far from being an action plan, it represents the greatest failure of public policy for a generation. It will make the recession worse because it will make the recovery more difficult.

[Mr. George Osborne]

If Denis Healey had had to announce these figures, he would not have turned around at the airport; he would have kept going—but the right hon. Gentleman did not.

When the Chancellor rises to reply, let him answer just these three straight questions. First, does he accept that the national debt will now double to £1 trillion? Secondly, does he have an explanation for why Britain is forecast to have the worst recession of any major economy? And will he confirm that families will be worse off because the tax cuts he announces are temporary, while the larger tax rises are permanent? I know that he will not want to answer those questions, but the choice at the next election could not be clearer. A record—*[Interruption.]* A record borrowing binge and a lifetime of tax rises under Labour, or fiscal sanity, and lower taxes that last, under the Conservatives.

Mr. Darling: The hon. Gentleman—*[Interruption.]*

Mr. Speaker: Order.

Mr. Darling: The hon. Gentleman is right about one thing: there is a very clear choice before the country today—and that is between a Government who are prepared to help people and help businesses and an Opposition who are prepared to do absolutely nothing to help. *[Interruption.]* He was also right to say that we have chosen to take a different path. We have taken a path that will help businesses, help pensioners and ensure that everyone is helped through a reduction in VAT. At no point in the hon. Gentleman's intervention did he even mention pensioners or children or families. He had absolutely nothing to say.

The hon. Gentleman then warned about repeating the mistakes made by Japan. The mistakes made by Japan in the early 1990s were precisely to follow the course of action that he is advocating today. I know that because a Japanese Finance Minister told me that those were the mistakes that his country made. You would have thought, Mr. Speaker, that at this stage of a Parliament, when we have seen countries all over the world recognising that action needs to be taken to support the economy, the shadow Chancellor would have had at least one suggestion to make to help people out of this difficulty. Instead, he has absolutely nothing.

It appears that the shadow Chancellor is against the reduction in VAT. At least he has gone a bit further than the Leader of the Opposition, who was unable to tell Andrew Marr on Sunday whether he was for or against reducing VAT. The shadow Chancellor has nothing to say about the help that we are giving to businesses. Instead, all he is saying is that, faced with today's difficulties, which are recognised the world over, he is not prepared to take any action.

In some ways, that should be no surprise. This is the shadow Chancellor whose judgment led him to back a call to get rid of mortgage protection regulation just before the problems arose in the housing market. He is the one who said that the International Monetary Fund would not support the idea of a fiscal stimulus across the world, only a day before the IMF said that that was precisely what was necessary. This is the man who said that the Bank of England could not cut interest rates because of our policy, just a week before it cut interest rates by the largest amount for many, many years. *[Interruption.]*

Mr. Speaker: Order. We must have order. *[Interruption.]* Order. We must have order. The Chancellor is in order; if he were not, I would tell him so.

Mr. Darling: It is clear from all we have seen this afternoon that the Conservative party is reverting to type, and has absolutely nothing to say to help the people of this country to get through a difficult time. Yes, there is a choice—*[Interruption.]*

Mr. Speaker: Order. Mr. Grayling, I have asked for order. I expect a Front Bencher to respect the Chair. *[Interruption.]* Just shouting "Answer" is not good enough. That goes for the Conservative Chief Whip as well. He should be quiet as well. *[Interruption.]* Order. If the Chancellor is out of order, I will tell him. I will tell him how to conduct his affairs if he is out of order.

Mr. Darling: Not only are the Conservatives not listening to anyone in the House; the problem with them is that they are no longer listening to people outside either. *[Interruption.]*

Mr. Speaker: Order. Mr. Mackay, do not shout across the House. *[Interruption.]* Order. We must have good order. The Chancellor has finished, and I am calling—*[Interruption.]* Order. Members should bear in mind that this was a statement put to the House, and that Back Benchers who are shouting will run the risk of not being called to question the Chancellor. So let us have good order.

Dr. Vincent Cable (Twickenham) (LD): Perhaps I may start with some of the positive points with which we can agree: the statement on repossessions, the action on small business lending, the programme for home improvement, and the postponement of the decision on retrospective vehicle excise duty.

This is not a normal pre-Budget statement. We are experiencing a national economic emergency, and what is required, alongside radical cuts in interest rates and radical action on bank lending, is a serious tax cut concentrating on the low paid. The Chancellor has based his plans essentially on a temporary small cut in value added tax. I note that he is relying on the advice of a former Conservative Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), in that regard.

What I fail to see is how the economy receives a major stimulus from, for example, a £5 cut in the price of a £220 imported flat-screen television or a 50p cut in a £25 restaurant bill. Surely it would be much more sensible to put money directly in the pockets of low-paid workers by cutting their income tax, rather than offering them a pathetic £25 and, if they earn over £20,000 a year, the prospect of tax increases.

The Government have at last, after 11 years, acknowledged that there is a problem of inequality relating to the tax system. What they propose is a higher rate of tax for very high earners, after two years—possibly. What is needed, surely, is a comprehensive approach which involves cutting income tax for low-paid middle-income families and removing the vast plethora of tax reliefs and allowances from which the wealthy benefit, rather than this very limited fig leaf for redistributive policy.

What I find wholly incredible about the statement is the assumptions that the Government make about the future trajectory of the economy. They simply assume that after one bad recession year there will be an economic recovery. Buried in the Red Book is the assumption that after next year, the public sector need make no contribution whatever to economic growth. However, the problem is a very deep one. This is not just a conventional recession. We do not just have the home-grown problem of the bursting housing bubble and personal debt; we have the imported credit crunch.

As far as the banks are concerned, the problem is very deep. The Prime Minister tours the world, a little bit like a celebrity heart surgeon, lecturing the uninitiated on how to carry out financial heart transplants, but meanwhile the patient back here is suffering very badly, because the banks are cutting credit and greatly increasing their margins. I welcome what the Chancellor said about the Royal Bank of Scotland's announcement yesterday; that was a positive step. I do not, however, know whether he is aware that today Barclays, whose balance sheet is twice as big as the Government's entire public debt, is in the process of negotiating a deal with Arab investors on such extortionate terms that it is bound to make a drastic reduction in bank lending at the expense of its British customers. It is all very well for the Government to say that they are setting up a panel to monitor bank credit, but what is the Chancellor doing to enforce the conditions that the banks have apparently agreed to?

I welcome some of the Government's comments on public investment, particularly on housing, but let us just consider the status of the Government's commitment on housing, with their £700 million programme of social housing. The Government have a once-in-a-lifetime opportunity. Land is available very cheaply in the current market, and they could make a programme of large-scale social housing construction, meeting housing need and providing employment in the construction industry, but despite the rhetoric and the promises, virtually nothing is currently happening. It is not happening because the housing associations are loaded with bad debt that they acquired in dodgy deals with developers, and the Treasury is blocking any fundamental reform in the housing subsidy system. Nothing is happening.

To conclude, we have a very serious national economic crisis. The Conservatives do not acknowledge it, so they do not propose to do anything. The Government have rhetoric, but the rhetoric is not matched by their actions.

Mr. Darling: Although I do not agree with a lot of what the hon. Gentleman said, his response was a great deal more thoughtful than the shadow Chancellor's.

I appreciate the hon. Gentleman's welcome for some of the measures that we have taken, particularly in relation to repossessions, but our announcements on both VAT reduction and the extension and increase of the amount of money that will go to basic rate taxpayers will help people on low incomes through what are undoubtedly difficult times. The hon. Gentleman's proposal for reducing income tax also comes with a promise to cut public spending very substantially—by about £20 billion—which would impact on the living standards of the very people he is concerned about.

On lending to businesses, I agree with the hon. Gentleman that we need to make sure that we hold to account those banks in which we have shares. The Royal Bank of Scotland group has now agreed to take the Government money, and its announcement this weekend was extremely helpful. Assuming the Lloyds-HBOS merger goes ahead, that transaction will be completed in January, and we will need to make sure that they, too, are held to account. The additional Government help I have announced today of £1 billion being made available to small businesses is also important and will make a difference. The hon. Gentleman said that he wanted banks to do more, but although I agree with him on that, he does not seem to agree with us on the action we are taking to spend more to encourage businesses and to give them the money they need to get through this difficult time, including the measures I announced this afternoon to help them pay their tax bills and to help small businesses that are exporting.

On housing, we are providing substantial sums to enable the building of more social housing, as well as to ensure the renovation of homes. Whenever anything is announced, the Liberals always call for more, yet it is not entirely clear how on earth they would be able to fund any of it given the fact that their tax and spending policies simply do not add up. I understand what the hon. Gentleman says, but I simply do not agree with him.

I think that what we have announced today will go a long way. We are putting about £18 billion into the economy between now and April 2010. Such action is supported not just by a wide range of people in this country, but, increasingly, by countries across the world as absolutely essential, and the hon. Gentleman at least understands what the shadow Chancellor does not: many of the problems all of us face today are truly international.

John McFall (West Dunbartonshire) (Lab/Co-op): In these serious and profoundly risky global times—witness the fate of Citigroup, the biggest financial institution in the world, in the United States today—I welcome the financial stimulus, which is the only option, and, in particular, the social initiatives that will help families, vulnerable groups and businesses. I welcomed the £37 billion recapitalisation of the banks, whereby the Government guaranteed the debts and liquidity, but there is still pessimism in that market. Alongside the October statement came a credit guarantee scheme. Will the banks ensure that it is used further, with Government support, so that lending to businesses indeed takes place and that money circulates, helping jobs and communities?

Mr. Darling: I am grateful to my right hon. Friend, who rightly says that, in addition to everything that I have announced today, it is important that we ensure that the banks maintain their lending. I have said in this House before that banks sometimes fall over themselves to try to get customers in the good times, and they must understand that it is in their interests as much as everybody else's that they continue to lend to people when times are difficult. We need to ensure that we hold those banks in which we have shares to account. As I have indicated today, and as he said, the credit guarantee scheme involves a lot of taxpayers' money—almost £100 billion has been subscribed to already—and we

[Mr. Darling]

are entitled to see the banks treat their business customers, and, indeed, their personal customers, properly. Banks need to be held to account on that, and they need to deliver.

Mr. Kenneth Clarke (Rushcliffe) (Con): Given that the Chancellor has turned to a temporary fiscal stimulus, as he was bound to do, because, as the right hon. Member for West Dunbartonshire (John McFall) has just said, the bank rescue scheme that was announced a few months ago has not yet fully worked and is not fully operative as far as credit guarantees are concerned, so credit is difficult to get and very expensive, is it not essential for the Chancellor to ask two questions about that stimulus? First, is it affordable now? Secondly, will it be repayable in the short to medium term, so that we can rapidly get back to fiscal stability?

In addition, does the Chancellor not accept that having set out the past state of the public finances, which is rapidly deteriorating as recession hits us, he should have told the Prime Minister that £20 billion-worth of additional fiscal stimulus was not affordable? When the Chancellor looks ahead and starts saying that even on his optimistic forecasts we will be borrowing £115 billion next year and £105 billion in 2010, does he accept that he runs the risk of the foreign exchange markets and the securities markets refusing to believe that that is credible and repayable, given the threats to sterling and the risk to the interest rates that he will have to pay on his bonds? This country clearly risks having a more severe depression than any other major western country. Does this reckless gamble not run the risk that it will eventually be worse still and that the recovery will be long and painful?

Mr. Darling: I understand, from what the right hon. and learned Gentleman said on Saturday, that he thought a reduction on VAT on a temporary basis would help the economy.

Mr. Clarke: If affordable.

Mr. Darling: Yes. I believe that it is affordable. To put it another way, I share the view held by many that if we do not put this money into the economy now, the recession that we will face will be longer and deeper than it would otherwise be, and a greater cost will be borne, not only by the country as a whole but by every man, woman and child in this country. I am not prepared to take that risk. I believe that the Government have a responsibility to support people and to support businesses, and I believe that through the measures that I have announced today—substantial measures that will bring the budget back into current balance—it is affordable. The two objectives I had were to support the economy now and to ensure that we can live within our means in the medium term, and both those things are eminently deliverable.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): May I thank my right hon. Friend for the announcement that he has made of enhanced investment in public sector building, which will increase still further the superb rebuilding of high schools and primary schools in my constituency? Under the Conservatives, those schools were so neglected that they were degenerating into slums. As the person who originally allocated the money for new build to housing associations under a previous Labour Government, may I also thank him for the money that he is putting into social housing, which the Conservatives also neglected and ruined? Together with the school building programme, that will—happily—increase employment among building workers in my constituency.

Mr. Darling: My right hon. Friend is right to draw attention to the fact that what happened 20 years ago meant that many children were educated in schools built by the Victorians and did not have the facilities to which they were entitled. We all suffered as a result, and that is why maintaining public investment—especially in education, but also in other areas such as transport—is essential. The Conservative party has nothing to say on that, except to go back to the same policies that it was advocating in 2001 and, to a large extent, in the early 1980s.

Mr. Michael Howard (Folkestone and Hythe) (Con): The Chancellor told us that if the economy performs more strongly than he predicts—however unlikely that is, we must all hope that it will—he will review the tax increases that he has proposed this afternoon. What will he do if recovery takes longer than he predicts?

Mr. Darling: I made it clear that we will, of course, review the position, as we would from Budget to Budget, but I have also made it clear that having put in place this fiscal stimulus—and recognising that tax revenues are likely to be affected for some time, especially because of what has happened to the financial services industry—we have to be prepared to raise revenue to ensure that we have sustainable public finances in the long term. I am prepared to take those decisions. There were two parts to what I announced today, as I have been making clear for some time: helping the economy, but also ensuring that we live within our means in the medium term.

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): Order. A considerable number of Members are hoping to catch my eye. We will all be helped if Members can restrict themselves to one question and put it as briefly as possible.

Frank Dobson (Holborn and St. Pancras) (Lab): May I congratulate my right hon. Friend on his decision to pump extra money into the economy? May I also congratulate him on targeting that money on the worst-off families and individuals? Putting money in their pockets and handbags is fairer than anything anyone else has suggested, and they are also the most likely to spend it and benefit the economy generally. That is in contrast to the Opposition Front Bench—

Madam Deputy Speaker: Order. I hope that the right hon. Member will now put his question quickly.

Frank Dobson: Does my right hon. Friend agree that his proposals are better than a few shouted slogans from a Tory party that would do absolutely nothing?

Mr. Darling: I am inclined to agree. It is obvious from what we have heard this afternoon that the Conservative party has no answers to deal with the problems that we face today. I find that surprising, but that is the choice that it has made.

Mr. Michael Fallon (Sevenoaks) (Con): Will the Chancellor confirm that we will now be paying more in debt interest on all his borrowing than on the entire education budget? What kind of achievement is that?

Mr. Darling: Of course, interest rates are now substantially lower than they were in the past. The result is that the cost of the debt that we have is less than it would otherwise have been.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I congratulate my right hon. Friend on the targeted approach that he has taken, which is a fair response to the world crisis and to the question of how to deal with it in our economy. However, may I disagree with him slightly? I am afraid that he is quite wrong about the Conservatives. They, too, have reverted to type and they do have a response: massive cuts in public spending.

Mr. Darling: I stand corrected.

I might also say, in relation to the point that was just made by the hon. Member for Sevenoaks (Mr. Fallon)—I knew I had the figures somewhere—debt interest payments were 3½ per cent. in 1997, and in 2010-11 they will be 2.6 per cent.

Alistair Burt (North-East Bedfordshire) (Con): Will the Chancellor now answer one of the questions posed by my hon. Friend the Member for Tatton (Mr. Osborne), which he shamefully avoided at the beginning of his response to my hon. Friend? Why does the IMF believe that coming out of recession this country will be worse placed than so many others?

Mr. Darling: One problem that we face is that we undoubtedly have the world's largest financial centre and, because of that, we are more directly affected in relation to revenues than would otherwise be the case. If the hon. Gentleman cares to look at all the IMF assessments, particularly the assessments that were produced earlier this year, he will see that they were extremely complimentary about the conduct of the economy over the last 10 years. The IMF drew attention to the fact that different countries are affected in different ways. I believe that we can be confident for many reasons that we will get through this, but one of the essential parts of that is ensuring that we support the economy now.

Mr. Chris Mullin (Sunderland, South) (Lab): Although there is much to be welcomed in my right hon. Friend's statement, his announcement on empty property rates will not save a number of the companies in my constituency—and, I am sure, elsewhere—that are destined to be put out of business by that tax. Pallion Engineering, for example, is due to see an increase in rates from £55,000 to £277,000 in a single leap. That would put it out of business. Did the Chancellor not consider giving total relief from that tax in regeneration areas, as some of us had urged him to do?

Mr. Darling: I did look at whether the relief should be concentrated on regeneration areas, but the problem was that a lot of people or businesses who have empty properties in areas that are not in regeneration areas would be perfectly entitled to say, "What about me?" I introduced a measure that helped 70 per cent. of empty property, where people will not pay rates as a whole. Of course, we will continue to consider what other measures we can put in place to help businesses. My answer to my hon. Friend's question is that I did consider that option, but it would have created other unfairnesses of its own.

Dr. William McCrea (South Antrim) (DUP): Will the Chancellor tell us what specific steps he intends to take to address the extortionate interest rate premiums that banks are placing on small businesses? Will he consider imposing penalties on banking institutions that are deemed to be working against the consumer and small businesses?

Mr. Darling: As I have said on a number of occasions, it is important that banks behave reasonably towards their customers. Part of the reason why we are setting up more intensive scrutiny of the banks is to ensure that if we see patterns emerging and if we believe that banks are reacting unreasonably, we can take appropriate action. The rest of Britain's banks could look at what the RBS Group is doing, because that might act as a model for other banks. They need to ensure that they treat their customers fairly, because they will rely on those customers for their business in years to come.

Ms Dari Taylor (Stockton, South) (Lab): I most warmly welcome the statement. I particularly welcome the new tax on salaries of over £150,000. I think that my constituents will see the tax as a just tax, and therefore it will be a popular tax. Will the Chancellor reassure the House that that tax will be collected and that we will not find that people who ought to pay that tax will avoid it by having part of their salaries paid in school fees, thus denying the public purse once again?

Mr. Darling: I agree with my hon. Friend: I believe that the tax system needs to be fair. Many people who earn quite substantial sums in this country have done pretty well over the past 10 years, and it is right that they should meet their fair share. Yes, of course, I believe that, if people are due to pay tax, they should pay their tax.

Adam Afriyie (Windsor) (Con): Does the Chancellor accept any responsibility whatsoever for the economic difficulties faced by people today?

Mr. Darling: The Conservative party, alone in the world, is trying to make out that, somehow, nowhere else in the world is affected by any of the problems of the past 12 months, but I have made it clear on many occasions that, over the past 10 years, we have built up an extremely strong economy. More people are in work. We have been able to do more to help people, particularly those who lost out in the Conservative years, and I have been able to announce more help today. Of course, I will accept responsibility for anything that I am charged with—but if the Conservative party wants to come up with solutions to today's problems, it might at least start by understanding what the problems are, and a lot of the problems emanate from the credit crunch.

John McDonnell (Hayes and Harlington) (Lab): My right hon. Friend has announced a further £5 billion-worth of efficiency savings within the public sector. What calculation has been made of the job cuts that will result?

Mr. Darling: On efficiency savings, I find it hard to believe that a Government who spend—certainly, directly, if we set aside benefits and pension payments—more than £400 billion a year cannot find £5 billion by being more efficient. I do not think that any organisation can proceed on the basis that it is impossible to be more efficient. I am afraid that I disagree with my hon. Friend on that point.

Mr. Andrew Tyrie (Chichester) (Con): Will the Chancellor tell us which, if any, of the immense problems that the country now faces today are home-grown?

Mr. Darling: I would have more respect for the hon. Gentleman if he or his colleagues could come up with a single proposal that would help people in today's economy. So far, not one of them has managed to do that.

Mr. Frank Field (Birkenhead) (Lab): May I bring the Chancellor back to the 6 million taxpayers who are still losers after the abolition of the 10p rate? Although I understand why he has had to find billions upon billions of pounds for City slickers who have got us into this mess, may I express my disappointment that the Government have not yet found the funds fully to compensate those lower-paid taxpayers who lost out with the abolition of the 10p rate? May I assure him that there would be tremendous support among Labour Members if he told us that, when he makes his Budget statement next year, he will be able to find those funds, fully compensate that group of workers and draw a line under that unhappy episode?

Mr. Darling: My right hon. Friend will recall that, when he and I discussed the issue earlier this year and when I announced the proposals that helped just over 4 million households, I wanted to return to this issue in the pre-Budget report. I have done that; we are now helping another 500,000 households. Of course, I will always keep under review what I can do to help people, particularly those who are on low incomes, but I am sure that he would recognise that I need to deal with many things in any Budget or pre-Budget report. However, I hope that he will accept that I said that I would come back to this, that I have been able to help many more people and that I will continue to keep the matter under review.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Many of my constituents are beginning to be quite concerned about the future of the North sea oil and gas industry and exactly where the credit crunch is hitting highly geared companies' investment. The Chancellor said that he was considering ways to incentivise and increase investment in the North sea. May I emphasise the urgency of that? Will he give more indication to the House about how he is taking that forward and what time scale he sees for the delivery of such incentives?

Mr. Darling: I understand people's concerns, particularly with the oil price coming down. Although that has many welcome effects, it obviously has an effect on the outlook in the North sea. As the hon. Gentleman knows, my right hon. Friend the Prime Minister and I met leaders of the oil industry in Banchory earlier this year. We agreed to work together. We are publishing further proposals today to allow us to develop such things further.

One of the things that the industry told us is that it wants to work closely with us, because there is probably a coalition of interests: both of us want to ensure that we extract everything that we possibly can from the North sea. We said that we would work closely with the industry to ensure that the tax regime helps that process. I am glad to say that I believe that we are working well together, and I hope that things will come to a satisfactory conclusion as soon as possible.

Gordon Banks (Ochil and South Perthshire) (Lab): I welcome my right hon. Friend's announcements on small and medium-sized businesses throughout the UK, but will he continue to monitor both the specific and the general effects that the announcements today, and his actions in recent weeks, will, and have had have, on the housing industry? Will he undertake to take necessary further action if he deems that it is important to do so?

Mr. Darling: Yes, I can give that undertaking. It is important that we recognise that the housing industry has been going through a difficult time. It is in all our interests that we maintain the supply of housing. The measures that I have announced today bring forward spending in the housing industry. We have made it clear to the Scottish Executive that if they wish to re-profile their spending, we would be very happy to talk to them. We have made that clear for several weeks now. If they want to do something similar, we will do our best to accommodate that.

Anne Main (St. Albans) (Con): Is the Chancellor seriously telling us that when we can get 20, 40, 70 per cent. off on the high street, and when there are "buy one, get one free" offers on houses and cars, the average hard-working family has simply been waiting for a 2.5 per cent. cut in VAT to press ahead and spend money it has not got? I do not think so.

Mr. Darling: I think that any family would welcome any reduction in prices that they can possibly get. If those reductions come through special offers from supermarkets or shops, that is fine. If that can be added to by a reduction in VAT, surely that helps as well.

Nigel Griffiths (Edinburgh, South) (Lab): Does my right hon. Friend not realise how welcome the cut in VAT is—the second major cut from a Labour Government, who cut VAT on fuel? Will he take no lessons from the Conservative party, which doubled VAT and imposed VAT on fuel, which hit every single family, and pensioners worst of all?

Mr. Darling: My hon. Friend is right. I am sorry that the right hon. and learned Member for Rushcliffe (Mr. Clarke) is no longer here, because I am sure that he remembers only too well what happened when the Tories wanted to increase VAT on fuel. It caused them considerable discomfort.

I just do not agree with the Conservative party. I think that if we can help to reduce household bills and put money into the hands of people on low incomes, that is precisely what the Government ought to be doing at a time like this.

Sir George Young (North-West Hampshire) (Con): The largest item in the Chancellor's package today is the £12.5 billion reduction in VAT. What percentage of goods on which VAT is payable are imported?

Mr. Darling: Of course it is the case that some goods are imported, but it is also the case that if people go into the shops and buy goods they might otherwise not have bought, that must be good for the economy as a whole.

Clive Efford (Eltham) (Lab): I welcome the business payment support service that my right hon. Friend is setting up. I spoke to the director of my chamber of commerce today, and he suggested something similar to this measure, by allowing the quarterly payments for VAT and corporation tax to be paid in monthly instalments. I urge my right hon. Friend to ensure that the service is an early intervention service so that small businesses do not incur huge bank charges and that they get the support to which he alluded. In addition, does it cause him any distress at all that the Conservative party changes its policy from week to week?

Mr. Darling: On the latter point, I think that most people have noticed that. On my hon. Friend's substantive point, it is important that if firms are getting into difficulties, the HMRC helpline is there so that they can get advice. If people are in difficulty, it is always best to contact Revenue and Customs as soon as possible, rather than wait for a problem to build up. That will be helpful, because it is important to help, especially small businesses, in the way that my hon. Friend describes.

Mr. Richard Spring (West Suffolk) (Con): Will the Chancellor explain why so many OECD countries built up budgetary surpluses in the past few years and we singularly failed to do so?

Mr. Darling: If the hon. Gentleman cares to look at the position of most countries of comparable size to ours, he will see that most of them have had far higher debt levels than we have had. If his charge against us is that we spent money on schools, hospitals, roads and housing, I will plead guilty to it, but I remind him that the Conservative party usually called for us to spend even more money on all those things, not less. *[Interruption.]* An hon. Member shouts, "Not true." If he looks back at the press releases over the years, he will find that, from time to time, the shadow Chancellor has had a terrible job trying to keep some of the shadow Ministers under control.

Dr. Nick Palmer (Broxtowe) (Lab): Some of the Conservative press this morning described today's statement as a gamble; does my right hon. Friend not agree that the biggest gamble in the face of danger is simply to do nothing?

Mr. Darling: I agree with my hon. Friend. Countries and organisations around the world, and many respected commentators in this country, have said that at a time like this, when the world is facing unprecedented pressure, and when we have seen a credit crunch the likes of which we have not seen for generations, it would be utterly irresponsible for Governments to stand back and say, "Let the recession run its course." I am sorry, but the view that we should let the recession run its course is not one to which I can subscribe.

Stewart Hosie (Dundee, East) (SNP): On the help for families, we welcome the VAT cut and the vehicle excise duty changes, but question why on earth the Chancellor wants to put petrol duty up at this time. On the help for businesses, we welcome the flexibility that he has introduced, and the one-year deferral of the small companies corporation tax rate, but notice that there is no change to the standard rate, or to the income tax paid by the smallest businesses that do not pay corporation tax. On direct public investment, although he is borrowing £300 billion over the next three years, he is only bringing forward £3 billion of direct public investment from the 2010-11 Budget. That is not new money; it is simply being brought forward. Will the £3 billion be subject to Barnett consequentials?

Mr. Darling: No, because the money is being re-profiled. As I said, and as the hon. Gentleman said, it is not new money. If, for example, the Department for Communities and Local Government brought forward money from its budget to spend it this year, rather than in three years' time, it would be difficult to argue that it was new money, and that his colleagues in Scotland should get a share of it. Of course, the Scottish Executive could re-profile their spending, if they wanted to. We have made that clear since September. As of a couple of days ago, no such request has been made, but if they would like to make such a request, that would be eminently sensible. It would be much supported by people in Scotland. Perhaps the hon. Gentleman should pass the message on to the right hon. Member for Banff and Buchan (Mr. Salmond), who might want to consider it in the course of his busy day.

In relation to fuel duty, I said that we have reduced VAT on fuel, but I am increasing duty on it, so that the effect will be as though there was no reduction in fuel duty. What people pay is remaining exactly the same, because I am taking account of the fact that petrol and diesel prices have fallen quite a lot, even in the last month or so. We are not allowed to have a large number of differential VAT rates, so that is the only way in which I can maintain the status quo, which is what I have done.

Mr. Gordon Prentice (Pendle) (Lab): This is warm homes week, and it is freezing cold in Pendle, so I welcome the additional £100 million announced, but will the Warm Front programme be able to gear itself up and deliver a measurable increase in activity this winter, so that people see the benefit of that money?

Mr. Darling: I hope so. I hope that the relevant Secretaries of State will be able to ensure that that is precisely what happens.

Mr. John Redwood (Wokingham) (Con): In his speech, the Chancellor said that this year's borrowing would be £78 billion, but the Budget book tells us that central Government need to borrow £153 billion this year—£93 billion more than at the Budget forecast. As he believes in transparency, why did he leave out so much of the borrowing?

Mr. Darling: I gave the House the borrowing figures, as the House would expect. I am also laying before the House the pre-Budget book. It is all there, and I am happy for hon. Members to look at it. Equally, I would be happy to listen to proposals from Conservative Members. The only proposal that I recall from the right hon. Gentleman recently related to the deregulation of the mortgage market, which I do not think would be a very good idea.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Has my right hon. Friend taken the opportunity, through the Treasury's model of the economy, to crunch the numbers on doing nothing? I am thinking about lost output, the implications for employment and, indeed, the implications for the public finances of not doing anything.

Mr. Darling: I have not done that, but I did notice that the chairman of the CBI said this morning that

> "this fiscal stimulus is going to cost the Government less than doing nothing because of the impact on unemployment".

I happen to agree with him.

Mr. David Heath (Somerton and Frome) (LD): The Chancellor appears to have completely abandoned the normal purdah before budgetary announcements, with the result that the VAT cut was the least unexpected announcement almost ever. But, if the purpose of the VAT cut was to put more money into the pockets of less well-off people, would not a targeted cut in income tax have done it better? If the purpose is to stimulate spending in our high streets, how is a 2.5 per cent. VAT cut going to work when 20 per cent. to 25 per cent. discounting in all major stores is not?

Mr. Darling: As I said a few moments ago to the hon. Member for St. Albans (Anne Main), any price reduction would be welcomed by people going out to shop, and I have actually reduced income tax, especially for basic rate taxpayers, because I am introducing the increase in the personal allowance. Income tax personal allowances take time to be fully implemented; a cut in VAT can be implemented much more quickly.

Rob Marris (Wolverhampton, South-West) (Lab): In what way will the welcome measures in the pre-Budget report assist manufacturing, which is so important in the west midlands and elsewhere?

Mr. Darling: In two ways, I believe. First, the general impact of putting £18 billion into the economy between now and 2010 will help the economy generally. It helps in terms of confidence and general outlook. The fact that the Bank of England has been able to reduce interest rates to 3 per cent., the lowest that they have been since the 1950s, will also help businesses, because many of them borrow, which is why it is important that we ensure that banks pass on their interest rates.

The measures that I announced today include the fund to help small firms at better rates than before so that they can borrow between £1,000 and £1 million, and measures for manufacturers that are exporters. There are many smaller firms in the west midlands and in other parts. Indeed, I have visited a number of small firms in the west midlands that export extremely successfully, and additional help is available in the guarantee. Those are just a few examples of how we can help, but, of course, we will need to do other things, too.

Mr. John Baron (Billericay) (Con): The Government have not denied that, after this pre-Budget report, they will have borrowed more than all previous Governments combined. Given that the tax increases that the Chancellor announced today represent only a small fraction of the moneys needed to plug the black hole that he has created, will he at least admit that he may be forced to consider further tax increases, particularly if the recovery takes longer to come through than expected?

Mr. Darling: Today, I set out proposals that involve additional spending now to support the economy, but I also set out proposals—they are laid out in the pre-Budget report papers that were also published today—for how we will get our economy back into current balance so that we can live within our means in the medium term.

Mr. David Anderson (Blaydon) (Lab): It is obvious from the speech by the shadow Chancellor that his attitude is the same as that which his party took when in government in the past, and when millions of people like myself were made redundant. This is not just a discussion about economics; it is about the social fabric of this country. Can I ask the Chancellor to ensure that, whatever he does over the next period, he does not use the terms, "Unemployment is a price worth paying," or, "If it is not hurting, it is not working"?

Mr. Darling: My hon. Friend makes an extremely powerful point, because many people in this country remember what happened in communities up and down the country in the early 1980s and the early 1990s, when people lost their jobs, went on to unemployment benefit, then on to incapacity benefit and never went back to work again. I know that he represents just such an area, and the indifference and the uncaring attitude struck by the Conservative party has left scars there and in many parts of the country that it has taken years to get over.

I agree with my hon. Friend—*[Interruption.]* And I profoundly disagree with the hon. Member for Northampton, South (Mr. Binley), who shouts from a sedentary position. I cannot believe that the Conservatives want to get themselves into that situation—to ignore the problems faced by many of our citizens, who expect their Government to act for them. I find that very hard to believe.

Mr. Andrew Mackay (Bracknell) (Con): The shadow Chancellor asked three very specific questions. Why did the Chancellor not even attempt to address any of them? Will he put the matter right now by at least answering one? Does he accept that the national debt will now double?

Mr. Darling: I thought that most of what the shadow Chancellor was getting at made it very clear that he had absolutely no plans, no policies and no approach to deal with the problem that we have at the moment. I have set out the country's position in relation to debt. We did reduce debt over a 10-year period. The debt will rise now, but I believe that that is necessary because we have to ensure that we support the economy and the people who send us here. They expect Governments, and politicians on both sides of the House, to show some concern about the problems that they face. I am prepared to face up to that; I am sorry that the hon. Gentleman is not.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I share my right hon. Friend's disappointment at the fact that the Scottish Government have not yet approached the Treasury to re-profile their spending in the way that he has suggested; we can only assume that the First Minister has been too busy in Fife in the past few weeks. I invite my right hon. Friend to join me in urging the Scottish Government to make such an approach now. I want to make sure that my constituents, my right hon. Friend's and those of other MPs in Scotland get the same benefit from an infrastructure boost as will apply to the rest of the country as a result of the measures announced today.

Mr. Darling: Given that the First Minister of Scotland has at his disposal nearly double what our late colleague Donald Dewar had only eight years ago, one would have thought that he could make sure that he, too, was helping the economy in Scotland. I see that the hon. Member for Dundee, East (Stewart Hosie), who speaks for the Scottish National party on these issues, is no longer in his place. Perhaps he has gone to phone the First Minister to find out what he is doing.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. We must now proceed to the main business.

Points of Order

5.26 pm

Mr. David Laws (Yeovil) (LD): On a point of order, Madam Deputy Speaker—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. Will Members leaving the Chamber please do so quickly and quietly, so that I can hear the point of order?

Mr. Laws: Thank you, Madam Deputy Speaker. You will be aware of the confusion, caused by the statement by the Secretary of State for Children, Schools and Families in this place last Thursday, about access to the serious case review in the case of Baby P.

Madam Deputy Speaker: Order. Has the hon. Gentleman informed the Secretary of State about the comment that he is about to make?

Mr. Laws: I have, Madam Deputy Speaker. You will also be aware that on Friday morning the Information Commissioner released a statement distancing himself from the impression given by the Secretary of State's statement; the commissioner followed that up with a letter published today in *The Times*. May I ask you what can be done to encourage the Secretary of State to clarify the confusion and approach the commissioner to establish whether a copy of the serious case review can now be made available to the public—with the relevant personal information removed, if necessary?

Madam Deputy Speaker: Ministerial replies are, of course, the responsibility of the Minister in question, and certainly not of the Chair. What the hon. Gentleman has said is now on the record, and I think that that will lead to the clarification that he seeks.

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Madam Deputy Speaker. The Chancellor's statement was widely reported in the media before it was made. Will you advise on whether the statement should have been kept secret and given to Members first?

Madam Deputy Speaker: The hon. Gentleman has heard Mr. Speaker make comments about such issues in the past. I certainly do not know who was responsible for the leak, but it is clear that Mr. Speaker and the other occupants of the Chair like statements to be made here first.

PLANNING BILL (PROGRAMME) (NO. 4)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions),

That the following provisions shall apply to the Planning Bill for the purpose of supplementing the Orders of 10th December 2007, 2nd June 2008 and 25th June 2008 (Planning Bill (Programme), Planning Bill (Programme) (No. 2) and Planning Bill (Programme) (No. 3)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion three hours after their commencement at this day's sitting.

2. The Lords Amendments shall be considered in the following order, namely Nos. 115, 160, 1 to 114, 116 to 159, 161 to 217.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question being put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Frank Roy.]*

The House divided: Ayes 279, Noes 228.

Division No. 333] **[5.29 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad

Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ian Lucas and
Mark Tami

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger

Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.

Orders of the Day

Planning Bill

Lords amendments considered.

Madam Deputy Speaker (Sylvia Heal): I must draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 25, 65, 76, 100, 109 and 117 to 163. If the House agrees to any of these amendments, I shall ensure that the appropriate entry is made in the Journal.

After Clause 194

Lords amendment: No. 115.

5.43 pm

The Minister for Local Government (John Healey): I beg to move, That this House disagrees with the Lords in the said amendment.

It is a pleasure to see Opposition Front Benchers back in their places for the debates on the Bill as it moves into its final stages. We are missing the hon. Member for North Cornwall (Dan Rogerson), who is at home after the birth of his third child. He is hardly old enough to have three children, but we wish him well—I understand that all is well.

Their Lordships have sent us an amendment to the Town and Country Planning Act 1990 to ensure that those who exercise planning functions have special regard to the preservation of gardens, groups of gardens or urban green spaces. I hope that I can explain to the House not only why the amendment should be rejected, but the steps that we propose to take to ensure that we examine properly the concerns that have been raised.

As my noble Friend Baroness Andrews said in the other place last week, and as was pointed out when this House debated the issue a couple of years ago, both on an Opposition motion and in relation to a Bill that the hon. Member for Meriden (Mrs. Spelman) introduced—it is good to see her in her place, as she has long had an interest in such issues—local authorities can already set out strong and specific local policies in their local development frameworks to protect gardens in particular areas, if that is desirable and appropriate. In our planning policy statement 3, on housing, which was published in November 2006, we strengthened local authorities' hand in doing just that.

Michael Fabricant (Lichfield) (Con): Will the Minister give way?

John Healey: I thought that the hon. Gentleman was in his normal place on the Front Bench, but should be delighted to give way to him now that he has moved to the Back Benches.

Michael Fabricant: I am interested in what the Minister said about the regulations already being in place. When there are instances of garden grabbing in my constituency, Lichfield district council says that they are out of its hands. The council says that it is directed by regional policy and national policy guidance and has no choice but to allow gardens to be used for building, because they are regarded as brownfield sites. Is the Minister saying that the council and, more importantly, the National Association of Local Councils are wrong on that point?

John Healey: I was in the middle of saying that if the hon. Gentleman encourages his local authority to look hard at PPS3—indeed, he might want to ask why the council has not seen it before—it will see that it can set individual brownfield targets that apply only to back gardens, effectively separating them from other derelict land and other forms of brownfield and vacant sites.

Bob Spink (Castle Point) (UKIP): The Minister is being characteristically generous in giving way again. Notwithstanding PPS3 guidance, does he not acknowledge that many councils, including Castle Point, have given away far too many gardens in the dash for flats? We are seeing massive flat developments being built without any garden space at all, but these turn out to be unsaleable in the end, thereby destroying our urban communities.

John Healey: I do not know in detail what the hon. Gentleman's council in Castle Point has done, and cannot speak for it. However, he might want to ask his local authority why it is not taking full advantage of the planning system, as some are, by making back gardens a special feature of its policy, as part of its ability to make finely graded distinctions in the general category of brownfield land.

Mr. Richard Benyon (Newbury) (Con): In case the planners in west Berkshire are watching this, let me give vent to their feelings by asking the Minister this. If the planners refuse applications, as they frequently do, to build high-density units on gardens when such developments would be inappropriate in certain areas, they are then overrruled on appeal, with the inspector citing national policy. That is the problem right up and down the country. Is the Minister saying that I, the planners in west Berkshire and everybody who is experiencing that are wrong?

John Healey: No, I am not. However, if councils use the scope of their existing powers to make it clear in their planning and housing objectives that back gardens should be treated in a particular way, they should expect their approach to command support should an appeal arise. The starting point is the extent to which local authorities choose to use the scope of the powers that are currently available to them.

If the hon. Gentleman is concerned about the situation in West Berkshire, perhaps he should have a word with the hon. Member for Brentwood and Ongar (Mr. Pickles), who leads the Conservative Front-Bench team, because Brentwood's local plan is one of the best examples of a local authority taking advantage of the provisions and scope of the PPS3. It has specific policies that reflect local circumstances, such as that any new development should reflect the character and density of the surrounding area and should have minimum net plot sizes and minimum building-line frontages. So a council that recognises what it can do has set its policy framework accordingly. If concerns of this nature arise in that area, it should be able to deal with them much more effectively than other local authorities. The hon. Gentleman might suggest that West Berkshire take a leaf out of Brentwood council's book.

Susan Kramer (Richmond Park) (LD): My council has been attempting to strengthen its language under the unitary development plan. Is the Minister aware that it has been told that the language is already as strong as it could possibly be, and that if it does anything more it will be overturned by the inspectorate, and the UDP will have to be revised? None of that has stopped developers running a guerrilla war, constantly attempting to buy every house with a sizeable garden in order to put massive and complex developments on them. Applications are often turned down on appeal, but developers will persist three, four or five times until the wretched developments eventually go through.

John Healey: I have no idea what the precise wording of the hon. Lady's local planning policy framework is, and she has not quoted it, so I cannot give her a judgment on that. However, in a moment I shall come to the question in my mind about the nature of the evidence supporting the sort of concern that she has expressed. She has given an anecdotal example of a problem that she sees in her area. Let me make a little progress, and if she wants to come back to this point, I shall give way again.

Greg Clark (Tunbridge Wells) (Con): On PPS3, does the Minister accept that it might be appropriate for councils to take case-by-case decisions on gardens, rather than to have blanket policies that cover the whole borough? Not every garden needs to be preserved in aspic. It might be appropriate to consider each application on its merits and to make decisions in that way. Nothing that the Minister has said allays our concerns as to whether any council that tried to do that would have its decisions overturned on appeal.

John Healey: The principle and practice of the planning system are that each application is considered on its merits in the context and framework of planning policies set by the planning authority. Those policies are produced within the context of guidance that we give from the centre. There is already considerable scope within the system for local planning authorities to equip themselves, as part of their ambition in their planning policies, to deal with any concern about garden grabbing in their area, but most authorities are not fully using that scope. Local authorities have the power to turn down applications for inappropriate housing in back gardens. Provided that the supply of land is maintained and the proposed development is in line with a council's planning for housing objectives, it can resist garden development and can expect support on appeal.

Let me return to the issue of evidence. Unless the House hears this afternoon about fresh evidence that I have not come across, there is no clear evidence of a problem that needs the proposed solution. In the other place, the Opposition spokesperson talked about a survey of six local authorities, and I have tried hard to find details of that survey. I am not sure whether it has been published, but if it has, I have not been able to get a copy of it. On the basis of that survey, it has been said that 72 per cent. of all brownfield site development has been on back gardens, but that figure is way out of line with our published, comprehensive and publicly scrutinised figures for that sort of development. Our published figures on the amount of development on previously developed land show that the percentage of all new housing built on back gardens across England is not 72 per cent. but just under 27 per cent. There is huge inconsistency between those figures, but I have been unable to take a close look at the results of that small survey, because I cannot find a published copy of it.

Julia Goldsworthy (Falmouth and Camborne) (LD): One half of the amendment puts forward proposals to define green space as being separate from other brownfield land. Would that classification not make it easier to assess the amount of development on gardens and elsewhere?

John Healey: But does the hon. Lady not accept the general proposition that legislation should be based on good policy, which, in turn, needs to be based on sound evidence? At the moment, that evidence is not clear, so the case for a change in policy, let alone a change in legislation, has not been established.

Greg Clark: Will the Minister help us with the evidence that he mentions? He will understand that, within regional and national totals, different authorities will be higher or lower than the average. In the past three years, I have tabled parliamentary questions asking for specific figures for each local authority for the previous year. In the first two years, my questions were answered, but this year his Department has declined to give me that information because it said that it would be misleading. Will he put the information in the Library so that we can have a consistent series of answers?

John Healey: I suspect that the answers that the hon. Gentleman has received so far have not been in my name, but I shall look into whether there is an inconsistency or concern about data for the most recent year compared with those for the two previous years. Either my right hon. Friend the Minister for Housing or I will write to him on that.

The hon. Gentleman asked whether I could help regarding the evidence. I am trying to be as helpful as possible to the House, and I do not have a closed mind on this, but the evidence on which to base policy decisions, let alone legislative changes, is not yet clear or available. Early in the new year, we will review the evidence on the extent of development on back gardens in order to establish whether there is a genuine problem. If there is, we will take action to remedy the situation.

Susan Kramer: I thank the Minister for taking the positive approach of reviewing the problem. Will he consider the issues not only at national and regional level but at local level, because constituencies such as mine, where land is very valuable because houses are highly priced, are a particular target of developers? Looking at broad areas of the country, one might not find the problem, but if one looked at the specifics of some of my communities, one would find that developers bid at almost every opportunity when a single house with any reasonable amount of garden is being sold. My great fear is that in the recession, when many people will not have cash but developers will, a set of locusts will be going after all those opportunities.

John Healey: The hon. Lady's question can be boiled down to asking whether our review will examine the evidence in local authority areas. Yes, of course it will.

I look forward to hearing from the hon. Member for Beckenham (Mrs. Lait), because I am concerned that we too often see Tory councils and members of the Conservative party arguing about housing and housing numbers. That leads me to suspect, if I am honest with the House, that behind this amendment lies a serious rejection of our obligation to provide new housing for new generations. If the hon. Member for Beckenham can convince the House that that is not the case, I would welcome it, but too often the evidence from her own councils and her own colleagues has been to the contrary.

6 pm

Robert Neill (Bromley and Chislehurst) (Con): Before I leave the right hon. Gentleman to the tender mercies of my hon. Friend the Member for Beckenham (Mrs. Lait), can he help me on this matter? Given the Minister's surprising and uncharacteristic degree of cynicism, how does he square what he said with the statement of his ministerial colleague Baroness Andrews, who said in the other place:

> "We support the underlying aim of the amendment."—[*Official Report, House of Lords*, 12 November 2008; Vol. 705, c. 694.]?

If the Government support the underlying aim, it cannot be logical to suggest that it comes from some motive to prevent excessive development.

John Healey: I think scepticism rather than cynicism is a proper description of my attitude. As I am trying to explain, the Government do not have closed minds on this issue, but we are first looking for firm evidence that there is a problem to which we need a solution in the form of change in policy; and secondly, in the light of what I just said, I am making it clear that we would be prepared to change our policy only if we were convinced that that would not also undermine our objectives on housing.

Mrs. Caroline Spelman (Meriden) (Con): On the question of evidence, I welcome the announcement that the Government will review the impact, but will the Minister take important facts into consideration? The 27 per cent. average national figure he cites for building on previously developed land disguises the fact that during the last few years, because of a boom in house prices, there has been a significant increase in the number of houses built. It is a combination not just of the percentage, but of the sheer numbers built on backland. My own local authority has seen a doubling of the number of houses built, as well as an increase in the percentage of building on formerly developed land. Perversely, where gardens exist, that has led to meeting housing targets in areas of high land value ahead of schedule. Solihull metropolitan borough council met its target for 2011 by 2006.

John Healey: The hon. Lady is right, and it is a record that we have been proud of in recent years. From a low in 2001, we have reversed what had been a year-on-year decline in house building for 15 years before that. We are pleased and proud to see more houses built; we need more houses in this country. My response to the hon. Member for Meriden (Mrs. Spelman) is that if the contribution of development on brownfield sites, which could include back gardens in some areas, is relatively stable, I fail to see the strength of the argument for saying that this is an urgent and pressing problem, particularly in the absence of any firm evidence to the contrary.

Several hon. Members *rose*—

John Healey: I give way first to the hon. Member for Castle Point (Bob Spink) because he has been in his place from the start of the debate. I will then give way to the right hon. Member for Wokingham (Mr. Redwood), who has just arrived. After that, I will give way to my hon. Friend the Member for Pudsey (Mr. Truswell).

Bob Spink: The Minister mentioned housing targets, and I think that he was a little cynical about them. The evidence from my region in the Thames corridor is that there is sufficient brown land—previously developed land—available to meet all the Government's housing targets, but that it is has not stopped green land in my constituency coming under pressure. The reason for that is that developers can make a lot more money by developing back gardens and green land in my constituency. Will the Minister get the Government to focus on their target of protecting green belt, green land and back gardens by forcing development into the brown land in the Thames corridor?

John Healey: I recognise the hon. Gentleman's point, so I invite him to submit evidence from his local area to the review that, as I have confirmed to the House, will start in the new year. That may or may not help to build up the evidence base on which consideration of any policy change could be considered.

Mr. John Redwood (Wokingham) (Con): As we have just heard a pre-Budget report that turned out to be a Budget with an urgent and big tax change, will the Minister give us guidance from the Treasury Bench on how soon we will be able to debate and vote on the huge VAT change? It is very unusual to have a Budget, yet not be able to proceed to a Division on it.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I do not see the relevance of that point to the motion before the House.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): On a point of order, Mr. Deputy Speaker. My right hon. Friend the Member for Wokingham (Mr. Redwood) none the less raises an important point on which I would like your guidance. We have effectively just had a massive Budget—bigger than many of the real Budgets through which I have sat over the past 25 years, all of which have been followed by five days' debate. Have you received any indication, Mr. Deputy Speaker, that there is to be a change in House business to allow us to debate that Budget, or is democracy at an end in this place?

Angela Browning (Tiverton and Honiton) (Con) *rose*—

Mr. Deputy Speaker: Order. I can rule on the point of order, but bearing in mind that this is a time-limited debate, I am not sure that we would be well served by having an extensive series of points of order, which will only take out more of the time available to debate the important matter before the House.

Let me say this, which should be helpful to the hon. Member for Tiverton and Honiton (Angela Browning) and the right hon. Member for Hitchin and Harpenden (Mr. Lilley): a point of order cannot be directed to the Minister. It can be directed only to the Chair, as I am sure that the right hon. Gentleman understands. He will know that the Chair cannot generally determine the House's business. Mr. Speaker will always carefully consider any requests for consideration of an urgent question or for an emergency debate. Those are the procedures that right hon. and hon. Members may follow to establish whether what they want the House to debate can be debated in the immediate future.

Angela Browning: Further to that point of order, Mr. Deputy Speaker. I am grateful to you, but the point raised in the debate was about the 2.5 per cent. reduction in VAT. The point of having a full debate on the pre-Budget statement is that when the Chancellor mentioned the change, he admitted that he had opted for the 2.5 per cent. VAT measure in preference to a general tax reduction because it was a quicker way of getting it through this House. Under those circumstances and given the importance of that very statement, surely Mr. Speaker could assist my two right hon. Friends who have suggested holding a proper debate on the pre-Budget statement.

Mr. Deputy Speaker: I am not sure that I can say anything fresh to the hon. Lady on that. Indeed, Mr. Speaker would consider any requests for a debate according to the usual criteria, but we cannot allow the egg to be greater than the chicken in this particular instance in that we are debating what we are debating and we have to conduct that debate against whatever the background of other circumstances we know about. We can have a debate about the effects of what the Chancellor announced in strict relation to the matter before the House now, which is what we should be doing now, rather than raising points of order. I have dealt on the point of order with the question whether a general debate should be held and I have tried to suggest a way forward for hon. Members.

Mr. Andrew Tyrie (Chichester) (Con) *rose*—

Mr. Deputy Speaker: I hope that the hon. Member is going to raise a fresh matter.

Mr. Tyrie: Further to that point of order, Mr. Deputy Speaker. I wish to add only that as far as I am aware—I would be grateful for your assistance—no statement of this magnitude has ever been made in the House without being followed by a full debate. The pre-Budget statement was without doubt the most important financial statement that I have ever heard since joining the House in 1997. I know of no autumn statement that has not been followed by a debate, so I would be grateful for your guidance, Mr. Deputy Speaker, on how we can gain an opportunity to—

Mr. Deputy Speaker: Order. The hon. Gentleman is expressing a point of view, which he is entitled to express. However, that does not alter my ruling on the point of order. I have tried to be helpful to hon. Members about how to proceed on the issue. We must now return to the debate.

John Healey: I am grateful for your guidance, Mr. Deputy Speaker, and I now return to back gardens.

Mr. David Drew (Stroud) (Lab/Co-op): I am grateful to the Minister for giving way and hope that we might gain some more time to debate planning. Does my right hon. Friend accept that the biggest problem is the unpredictability of decision making by planning committees and inspectors at inquiries, for example? If he could issue guidance to ensure greater clarity of decision making, it could only help. The problem is that when a duff decision is made, precedent is everything; a whole series of other decisions are often taken subsequently that are grossly unfair to an area. I would be most grateful if my right hon. Friend looked further into that.

John Healey: The purpose of local planning frameworks is precisely to impart more certainty and predictability to the decisions that a planning authority must make. As for the concerns about development in back gardens, the evidence suggests that most authorities are still not taking advantage of the scope of the powers that they have under the guidance that we have already issued. However, I note what my hon. Friend has said, and if in the light of the review there is evidence to suggest that steps of that kind may be needed, we will certainly consider them.

Mr. Paul Truswell (Pudsey) (Lab): Given the apparently huge disparity between the experiences of Members throughout the House in their constituencies, and given the overall statistics that my right hon. Friend has cited, will he publish the methodology and definitions that he will employ in his review? Before that, will he provide more detailed guidance on how local authorities can address issues of garden grabbing in the way that he has described? For reasons best known to themselves, many are not doing so at present.

John Healey: I urge my hon. Friend—as I have already urged Opposition Members—to encourage his local authority to pay much more attention to the scope that already exists in PPS3. In the new year we will make clear and public how the review is to be conducted, so that Members in all parts of the House have an opportunity to contribute evidence and experience from their constituencies and local authority areas. That will enable us to ascertain whether it is possible to secure a better evidence base on which to make policy judgments of this kind in the future.

Julia Goldsworthy: The debate about the focus of the review has centred largely on garden grabbing. Will the Minister reassure me that he will consider not just back garden development but development on green spaces as defined in the amendment, including

"land laid out as a public garden"

and

"land used for the purposes of public recreation"?

John Healey: We have not yet made up our minds about the terms of the review, but I will take into account what the hon. Lady has said. A number of Members are clearly very interested in this issue, and if they wish to make their own contributions to the debate, I look forward to hearing them. Meanwhile, let me conclude my own opening remarks.

Many Members who have spoken today have professed to believe in the proper power of elected local authorities. Imposing a blanket duty of this nature would take from elected local representatives the power to make proper, balanced judgments based on their knowledge of the overall needs of their areas. I believe that such decisions are best made by democratically elected councillors, working with local planners, who are much closer to the needs of local people and who will be better acquainted with the particular characteristics of any piece of land that may or may not be suitable for housing.

It is not right to tie the hands of local councils and planning authorities. It is not currently necessary for councils to protect gardens, and such action would distort planning decisions and the scope for appeals. Above all, there is as yet no systematic evidence that there is a problem in need of this solution. However, we have not closed our minds to the concerns that have been expressed, and we are prepared to review the evidence in the new year. If there is a clear problem, we will act. In the meantime, I hope that the House will accept that ours is a reasonable response which constitutes a sensible next step, and that until the review has been completed it makes no sense to pre-empt its findings and jump to policy conclusions, let alone amendments to legislation. I therefore hope that the House will support me in rejecting Lords amendment No. 115.

6.15 pm

Mrs. Jacqui Lait (Beckenham) (Con): I, too, congratulate the hon. Member for North Cornwall (Dan Rogerson). It is a pleasure to see the hon. Member for Falmouth and Camborne (Julia Goldsworthy), but the hon. Gentleman is a stalwart of our proceedings on the Bill, and it would have been nice to see him here. Of course, he might have preferred to be present in a week or two, when the baby starts squalling!

I am grateful to Earl Cathcart for tabling the amendment, which follows a long tradition. Both my hon. Friend the Member for Tunbridge Wells (Greg Clark) and my hon. Friend the Member for Meriden (Mrs. Spelman) tried desperately, through the medium of private Members' Bills, to persuade the Government to recognise that garden grabbing was an issue; and it is possible that I was the first person to raise the whole issue of overdevelopment, in a Westminster Hall debate. There is a long history of battling with the Government on this issue.

Lorely Burt (Solihull) (LD): Will the hon. Lady give way?

Mrs. Lait: Briefly.

Lorely Burt: I fully acknowledge the hard work done by all Members, especially Conservatives and Liberal Democrats. I tabled a private Member's Bill in 2005, six weeks after my election. I do not know whether that gives me precedence, but it certainly demonstrates that Members in all part of the House are deeply concerned about the issue.

Mrs. Lait: The hon. Lady is right—and that concern is felt not just throughout the House, but throughout the country. The Minister mentioned a survey which, according to Earl Cathcart, refers to Bradford, Chelmsford and Tunbridge Wells. Those three towns, or cities, are very different, but they have similar problems. We in the outer-London boroughs have those problems too, as was pointed out by the hon. Member for Richmond Park (Susan Kramer).

I am glad that the Government have promised us a review after all these years. I shall keep my remarks relatively brief, although there is much in regard to the Lords amendments that I want to put on record because the Bill is so undemocratic and badly thought through.

There can be no substantive vote in Parliament for the national policy statements, which, in my view, means that they will go straight into the courts. That completely negates our basic reason for supporting them. The Infrastructure Planning Commission is equally undemocratic in removing Ministers' responsibility for making final decisions. The right to be heard in planning inquiries is still substantive, and the whole issue of the community infrastructure levy—with which I hope we will deal today—is unlikely to be considered in full.

We want to discuss the subject of garden grabbing, even if we must do so relatively briefly. It is not just a case of the number of houses built on gardens, and it is not just a question of the number of planning applications for development in back gardens that succeed. According to the latest statistics, 21 per cent. of new dwellings in Bromley were built on former back gardens. The main point is that the nature of an area and a neighbourhood is changed by an increase in the density of housing. Areas are changed from—in my case—broad suburban streets with one house on a decent-sized garden to blocks of flats containing 48 people. That puts huge pressure on train services, health services, education services and roads, all because, sadly, the Planning Inspectorate has been bullied by the Government into making the decisions.

Mr. Drew: I do not disagree with what the hon. Lady has said about the Planning Inspectorate, but does she accept that part of the unfairness of the system is the way in which it differentiates within areas? Changes may not be contemplated in one part of a district or borough, but in another part, once agreement has been reached the process of gradual degradation continues.

Mrs. Lait: The hon. Gentleman does not go far enough. I quite agree that as soon as a planning application is agreed in a street, there is a gradual change in that location, but there is nothing, even in conservation areas, to stop the Planning Inspectorate granting planning permission on appeal. That has happened on a very nice street in my constituency, where there has been appeal after appeal after appeal; and eventually the Planning Inspectorate gave permission. As a result, like a series of collapsing dominoes, the nature of that street will change. That is what everybody finds so objectionable.

The Government try hard to play the innocent in all this by saying that PPS3 is no different from what went before, but it is very different. As Baroness Andrews identified in the other place, this started in 1985 when there was a need to categorise land use. That was when the category "residential R" was used to include

"houses, flats and adjoining garages, gardens, estate roads and pathways. Sheltered accommodation where residences have separate front entrances."

This was a convenient way of grouping statistical information, and nothing more than that.

Then, in 1992? Chris Patten issued a new version of planning policy guidance note 3, which did not include any such definition of gardens as brownfield, nor did it contain density targets. Indeed, the guidance discouraged residential infill where inappropriate and gave a broad discretion to councils to protect the character of their locality.

In 2000, there was a revised PPG3, and in 2006, the then Minister for Housing, the right hon. Member for Pontefract and Castleford (Yvette Cooper), stated in a written answer that the PPG3 of 2000

"set out the definition of previously-developed land for the purposes for planning for housing, derived from urban land uses based on the Land Use Change Statistics classification introduced in 1985 but not previously articulated in planning guidance." [*Official Report*, 21 March 2006; Vol. 444, c. 296W.]

That is the difference—the Government introduced the change in the PPG3 of 2000. Although I welcome the Minister's announcement today of a review, it would be helpful if he examined the history, recognised what happened in 2000 and accepted that it is the Government's fault that we are where we are.

The excuses have changed as this debate has gone on, and the next excuse, which is relatively new and has been expressed today, relates to the local development frameworks. Those of us who have been watching the progress of LDFs have been astounded by how slowly they have come through, how often they have been sent back for revision and change, and how few have gained permission and agreement. It is, to say the least, disingenuous for the Government to claim that, under the LDF, councils have the right to set out their views on garden grabbing. Theoretically, the Planning Inspectorate has the final say on LDFs, of course, but if there is an instruction under the PPG3 of 2000 to include gardens, councils have very little chance of getting things through. Additionally, just recently we all thought the LDFs represented a binding decision in relation to the Planning Inspectorate, but they were recently challenged—in the High Court, I believe, in the case of the Crawley LDF—and the judge found against the inspectorate. So, the LDF is no longer binding, which decisively shoots any protection offered out of the water.

Much of what we are talking about—such as the difficulties involved in a local authority retaining control over the identity of its own area—has been challenged and changed by this Government. I suppose it is some comfort that, from a very quick reading, the Killian Pretty review seems to be suggesting that most of what the Government have introduced should be altered so that local authorities regain their ability to be much more in control of their own planning. We hope that the Government accept the review findings, and we will be looking out for what happens to that review. However, in order to ensure that as much pressure as possible remains on the Government to amend the Bill so we have an end to garden grabbing, I shall advise my hon. Friends to vote with the Lords and against the Government motion to disagree.

Julia Goldsworthy: I will be sure to pass on the many congratulations from all parts of the House on the arrival of Elowen Ruby Rose Rogerson, and I can safely say that, although my hon. Friend the Member for North Cornwall (Dan Rogerson) has committed a huge amount of time to this Bill, he would prefer to be with his family and their new arrival at this very special time.

[Julia Goldsworthy]

A series of important issues arise in connection with the groups of amendments that we are discussing, so I shall speak only briefly. The Liberal Democrats support Lords amendment No. 115, which is the culmination of concern from Members in all parts of the House. As the hon. Member for Beckenham (Mrs. Lait) said, the hon. Members for Meriden (Mrs. Spelman) and for Tunbridge Wells (Greg Clark) introduced private Members' Bills to protect back gardens and public open spaces, particularly in suburban areas, where there seems to be a greater problem than in other areas.

My hon. Friend the Member for Solihull (Lorely Burt) first raised this issue just six weeks after being elected to Parliament, and the proposal in her excellent Local Government and Planning (Parkland and Windfall Development) Bill would have gone further than this amendment, by allowing for local referendums to decide when public open spaces can and cannot be sold off. That was an interesting and innovative proposal which would have handed real power back to communities, who are rightly concerned that the character of their areas is being adversely and irreparably affected by developments in gardens and open spaces.

It is a travesty that much-needed green space in urban areas is lumped into the category of brownfield land, and that the Government are insisting that there is not a problem when eminently developable, genuinely brownfield public sector land lies largely unused. Earlier this year, my hon. Friend the Member for Montgomeryshire (Lembit Öpik) received a ministerial response stating that 70 per cent. of the land owned by the Department of Health is not being used. Ministers cannot insist that communities accept unquestioningly new development on their public open spaces without at least putting their own houses, and the land on which houses could be built, in order. There is a large amount of brownfield land in my constituency, but it is highly contaminated by heavy metals from mining. Even in such areas, there is a hierarchy of brownfield sites, and often back gardens are the most attractive and most affordable to develop.

I hope that the review will look into such concerns and that it will be forward-looking in scope as well as backward-looking. There are great concerns in my constituency that the housing targets set by the regional spatial strategy can be fulfilled only by developing every available space in the entire constituency.

Susan Kramer: Is my hon. Friend aware that one of the attractions of garden grabbing is that developers are usually in a position to build a small development? They always build nine units in my constituency, because at 10 they would have to provide one social housing unit. If they take on much larger plots of brownfield land, they have to put in significant amounts of social housing. I have two local authorities that are desperately trying to increase social housing in our area, but they are finding that the whole interest of the development community is in using gardens for luxury housing.

Julia Goldsworthy: My hon. Friend makes a good point about how the incentives are skewed towards development on gardens in too many cases.

6.30 pm

In announcing his review today, the Minister is being very helpful. The Minister in the other place, whom my colleagues there have said was helpful and courteous throughout, has used the excuse that there has not been time to consult on the implications of this amendment. The review is very welcome, but I am not clear why there has been no opportunity to initiate such a review before today, given that the Bill has been going through the House for 11 months and the issue has been raised on numerous occasions by Back Benchers. I would appreciate some comment from the Minister on why a decision has now been taken to carry out that review, given that it would perhaps have been more timely to have made such a decision earlier. It is a little frustrating, because Ministers in another place have been constructive on a number of other issues, so it would perhaps have been more sensible for the Government to have tabled their own amendment to reflect the concerns that residents all over Britain have about this issue. Such a provision could have been inserted in the Bill and perhaps made subject to regulation. That would have given a lot of people more confidence that this issue was being directly addressed.

Mrs. Spelman: To pick up on the point made by the hon. Member for Richmond Park (Susan Kramer), should not the review closely examine whether the Government's failure to define gardens correctly as gardens, rather than as brownfield land, has thwarted their endeavour to ensure that a significant percentage of the new homes that are being built are affordable? As she has pointed out, the failure to define gardens correctly has thwarted the Government in their own objective, and that should form part of the review.

Julia Goldsworthy: The impact of the lack of classification should be considered in that review. In a way, the amendment would make it easier for the Department to conduct such a review, because a clear classification of green space and brownfield land would make it much easier to separate the differential impact of development in these different areas. The lack of such differentiation at present makes the review's job more difficult.

The amendment involves a second principle that should be raised, and it places clear blue water between ourselves and the Government. The amendment says that guidance issued by the Secretary of State or the regional planning authorities cannot simply override local priorities, and we share that approach. The local authority and local views should take priority and precedence, yet this Government seem determined to subject communities to a litany of regional and national policies and targets that will necessarily trump local priorities in the pecking order and that, in many cases, will take a bulldozer not only to valued green spaces, but to local democracy. This is one example where the Government take that approach, but there are many others in the Bill. One need only look at the approach on national policy statements and on the Infrastructure Planning Commission to see that.

Lorely Burt: May I offer my hon. Friend another example? In Solihull, the Government have ignored our regional development plan and have commissioned another independent consultancy, Nathaniel Lichfield and Partners, which has come up with recommendations that treble the already agreed allocation of new housing for the borough of Solihull. Perhaps she might like to ask the Minister how that can be, and how it sits with the comments that he is making about putting decision making in the hands of the people who are elected in their local areas.

Julia Goldsworthy: In too many cases, it seems that the wishes of the local community are being undermined by the Bill, yet it is an opportunity to promote them. The Minister is in denial about the scale of the assault on back gardens and on small, but often highly valued, open spaces in urban areas. I welcome the door opening a crack, through the chance to examine this issue in the review, but before we are fully reassured we will need to hear much more detail on its terms and implications.

All too often, particularly in the Department for Communities and Local Government, excellent reports are commissioned but then, unfortunately, gather dust on top shelves once they have been completed. Members across the House are acutely aware of the need to build more housing, particularly social housing and affordable housing. We have suggested innovative ways to increase our social housing stock after a decade of failure in that area. As ever, the aim surely must be not only to build houses but to foster and maintain living, vibrant communities. It is not just about plonking people in rows of boxes; we must create places in which people want to live, work and grow up. We need places that are not just environmentally friendly but a friendly environment in which to live. Back gardens and open spaces in which to meet and play are essential to achieving that aim, so for those reasons, my hon. Friends and I will support the amendment.

Mrs. Spelman: I welcome the opportunity to speak, given my long-standing interest in back garden development, and I wish to pay tribute to the work of many hon. Members present who have taken up this cause. An interesting feature of the debate on the definition of gardens and how best to protect them is that it has elicited so much interest from Members from all parts of this House, as well in another place. That has come in the guise of an early-day motion signed by 179 Members representing all parties—not those whom one might call the usual suspects, but Members whose constituencies have been badly afflicted by this problem of back garden development—and in the guise of ten-minute Bills and private Members' Bills tabled by my hon. Friend the Member for Tunbridge Wells (Greg Clark), the hon. Member for Solihull (Lorely Burt) and me. Those things, in themselves, indicate how seriously Members in the House of Commons take this issue.

I dispute the Minister's view that the most recent changes to planning guidance provide adequate protection for gardens. Patently, they do not. I detect a degree of complacency in the attitude of a Government who are prepared to wait even until next year for a review to take place. Plenty of evidence is available to show that the existing guidance simply does not work. That is because of a deadly combination when these cases go to appeal: the definition of brownfield land extending to gardens, housing targets, and density targets. The combination of those three things takes precedence in the hierarchy of decision making when the planning inspector reviews a case where planning consent has been refused. There is plenty of evidence to show that since the introduction of that change to planning guidance in 2006, the defence that the Minister cites is simply not working. Local planning authorities know that, developers know that and communities know that—to their cost.

The fact that the change to planning guidance has now been in force for more than 18 months flies in the face of people's experience. As recently as last week, I was contacted by a local action group called the Friends of Middleton Conservation Area. Its local council, Darlington borough council, had refused a controversial application for garden development, not least because the application related to a conservation area. The application went to appeal, and despite strong representations from the council, the decision was overturned.

I raise that example—there are many more such examples—not only because it crossed my desk last week, 18 months after the introduction of the change in guidance to which the Minister referred, but because the application was for development in a conservation area. If a local council is overruled when trying to prevent inappropriate development in a conservation area, surely something is drastically wrong with the planning system.

I urge hon. Members to think long and hard about the legacy of the prioritisation of brownfield land, including gardens. The legacy is significant in terms of the environment and infrastructure. I have seen at first hand the environmental legacy in areas where inappropriate garden development has been permitted. Neighbourhoods that were once a finely balanced mix of green spaces and homes have been changed beyond recognition. Family homes have been demolished, trees have been felled and hedges have been uprooted. Gardens that were a rich source of urban biodiversity have been stripped back and buried under concrete, with all the environmental implications that follow.

Not only is the natural environment under assault, but the architectural environment is too. In some cases, old family houses have been bulldozed to make way for high-density, multi-storey apartment blocks. Likewise, bungalows are in developers' sights in a rush to create high-density housing.

Susan Kramer: Does the hon. Lady know that in one development on a suburban street in south-west London the developers have proposed—because there is no street parking—a subterranean garage with a hydraulic lift to take the cars down, as if it were in the middle of Manhattan?

Mrs. Spelman: I thank the hon. Lady for that example, and I am happy to trade another horrifying example from this past year—a year after the changes in planning guidance were made that were supposed to be the salvation of back gardens. Two bungalows in Marston Green in my constituency were proposed for demolition to make way for 71 apartments. And that was on a narrow, tree-lined lane with difficult access.

As politicians, we have to ask ourselves where we are going with this. We know that there is a shortage of family-sized homes, especially with gardens. That was acknowledged by the Chief Secretary, when she was Housing Minister. We know that our country has an ageing population. People are living longer and the evidence is that they will want to live longer in their own homes, which makes the rush to demolish bungalows—the very type of home that will be vital to many older people's ability to sustain themselves at home for longer—such nonsense. We know that there is a chronic shortage of affordable homes, so it is perverse that developers are almost directed to build high-density housing on areas

[Mrs. Spelman]

with a high land value, with the consequences that we have all seen: large numbers of luxury apartments while housing lists grow in our constituencies, and those who desperately need housing not able to attain the affordable housing that the Government set out to achieve.

We also know that flood risk will dominate over the coming years, so why on earth are we relying on a planning system that says it is a good idea to concrete over urban green spaces, thereby reducing the drainage capacity? I have seen a particularly bad case of that in Cheltenham, which is prone to flooding and severely affected by the phenomenon of garden grabbing. Sir Michael Pitt, who led the Government's review of last summer's floods, told the BBC that garden grabbing had increased the risk of further flooding. He said:

> "If it was just one house and one garden, this would not be an issue. It's the cumulative effect over time of many, many properties."

It would be a mistake for the Government to ignore that advice.

If the Minister requires evidence of whether his planning guidance is working, he need look no further than GardenOrganic, a website set up by people who want to protect gardens. Every week, examples of garden grabbing are cited on that website, from Ballyrobert in Northern Ireland, from Cardiff in Wales—where it is proposed to develop a reservoir site for housing—and from Forest Hill in London. It is happening all over the country, which is why it excites the interest of so many Members, here and in the other place.

It was Members in the other place who voted in favour of this amendment. Clearly, they saw that the law is not strong enough to provide the necessary protection for gardens. It boils down to the fundamental question of whether Ministers in Whitehall know better about local planning applications than the communities that will be affected and the people whom those communities elect to represent them. Members of Parliament can argue about the rights and wrongs of various planning applications, but the basic question must surely be who is best placed to make the decisions—town hall or Whitehall? If we have really reached the stage where the Government do not even trust councils to determine which residential gardens are suitable for development and which are not, the lip service that the Government pay to decentralisation is risible.

I shall now turn my attention to the way in which the Government have changed their response to the issue of garden grabbing, which may help to explain why they object to the amendment. I cannot help but notice, because I have been campaigning on this issue for so long, that the Government's various attempts to stonewall have been built on shifting sands. When garden grabbing was debated first, it came under the remit of the Office of the Deputy Prime Minister, and the objection from the right hon. Member for Kingston upon Hull, East (Mr. Prescott) was that the need for house building was such that gardens were a legitimate source of development. When the baton was passed to the right hon. Member for Bolton, West (Ruth Kelly), she moved the Government's position and instead maintained that councils already had powers at their disposal to prevent garden grabbing. Now the issue rests with the current Secretary of State for Communities and Local Government, and I note that there has been another change of tack.

6.45 pm

When this amendment was debated in the other place, the Government insisted that they could not support it because they needed to consult local government first. Far be it from me, or any other hon. Member, to second-guess the view of local government, but I think that it is safe to say that giving local councils more power over local planning decisions could only be welcomed by local government. Are Ministers honestly trying to tell us that giving councils the power to protect gardens where they think that appropriate will be controversial, and that for that reason we should oppose this amendment? If that is their last line of defence, the argument has certainly been won, even if the vote is not.

Sadly, the fact that we are debating an amendment to remove a clause to give councils the power to protect gardens shows how hostile to local communities this Government have now become. There is a stark contrast in how this issue has been approached. The Government have been inconsistent in their reasons for seeking to prevent gardens from having greater protection in planning law. They have gone from defending garden development to blaming local councils for not using what powers they do have. When it came to my own private Member's Bill, Labour Members talked it out rather than pressing it to a Division, but hon. Members from both sides of the House who have campaigned for more protection for gardens have put forward a reasoned, consistent and common-sense case for tightening the loophole. Hon. Members who signed the early-day motion on the issue might wish to think long and hard about the consistency of that signature with how they vote on the issue tonight.

Clause 194 offers an historic opportunity for us to change planning law in a way that will strengthen local communities, and safeguard the environment and infrastructure that underpin where people live. Members in the other place have shown that they are willing to speak up for the growing body of people who want to see their neighbourhoods and communities protected. If at the end of today's debate this clause is removed, the public will judge this Government very harshly.

John Healey: I recognise and respect what the hon. Member for Beckenham (Mrs. Lait) called the long track record of several hon. Members, on both sides of the House—not least the hon. Member for Meriden (Mrs. Spelman)—in raising concerns about garden grabbing, or development in back gardens. However, it is curious, given that long track record of campaigning, that the evidence is so thin and anecdotal—*[Interruption.]* Well, the hon. Member for Beckenham protests from a sedentary position, but the six towns study does not count. She cited some figures from her local authority area, but she did not cite any wider study, rigorous evidence or independent research that would provide good grounds for the Government to adjust their policy now or amend the legislation.

Mrs. Lait: The Minister has agreed that Members have a long track record in raising these issues. Most of us do not raise such issues for trivial reasons. There is therefore a clear indication that there is great concern about this issue. Some 21 per cent. of all new houses built in Bromley are on back gardens, and that is one fifth of all planning applications. I cannot believe that the Minister thinks that one fifth of all planning applications are not important.

John Healey: I heard what the hon. Lady said earlier, and I have just referred to what she said about Bromley. In a way, the point partly applies to the remarks of the hon. Member for Meriden, who seemed to be arguing that we should move away from not only the question of development in gardens but the priority of brownfield sites per se.

Let me pick up on the point about blanket directions at a national level. They are simply unlikely to suit all circumstances. The hon. Member for Beckenham cites figures that are apparently from Bromley. In 2005, for instance, Basildon council informed us that not 20-odd per cent.—as was the case in Bromley—but 72 per cent. of such developments were on previously developed or residential land. The reason for that was that during that period in Basildon there was, quite rightly, a large programme of demolitions, as the town had a lot of pressure on it for housing and a lot of previously developed land. There was a large programme of demolitions, in particular the demolition of the old Five Links estate, and of replacing the demolished areas with new housing and new estates with private gardens. In short, it involved the redevelopment of land that had previously been residential—the sort of areas that, in blanket terms, hon. Members are concerned about. It resulted in more houses with gardens for more families. That is exactly the sort of development the hon. Member for Meriden wants to see and that hon. Members are keen to encourage.

The hon. Member for Beckenham, as well as one or two other hon. Members in their many interventions, tried to argue that the Planning Inspectorate's—PINS's—decisions are one of the sources of the problems and the reasons for the increase in garden development. There is no serious evidence of PINS's overturning local authority decisions on brownfield development just because the developments are on garden land. Figures that have been provided to us by the PINS service show that, in the couple of years up to the early autumn of 2007, 28.5 per cent. of appeals were granted on minor dwellings—on fewer than 10 dwellings. In other words, in more than 70 per cent. of the cases, PINS supported the local authority decision. I therefore think that it is an inconclusive argument, at best, to say that the problems are somehow created by the Planning Inspectorate and its series of decisions.

The sort of approach that we are confronted with, as a House, is not merely about pre-empting the sort of proper evidence base needed to make such decisions. It is worth stressing now a point that I touched on earlier but did not develop. Such an approach would prevent the Secretary of State from setting aside decisions made in accordance with the adopted local policies of a planning authority for the protection of gardens or green space, effectively removing the discretion to take account of other considerations, such as the design or suitability of transport links, in determining appeals.

If the Lords amendment is not rejected, and we do not have the opportunity to assemble the evidence, debate the policy options that might be appropriate or consult on any potential legal changes—as the Conservative-led Local Government Association made clear in a briefing on the Bill this afternoon that it would rightly wish to happen—we risk distorting the planning process and also the scope for appeals. Such a provision would place restrictions on the right of appeal of ordinary home and garden owners against the decision of a planning authority and could also touch on human rights issues.

I have confirmed that, in the new year, we will undertake a review of the evidence. The debate, I have to say, has not added to the evidence base. It has added to the list of individual examples and anecdotes and has reinforced the understandable sense of concern that hon. Members say that they have about what goes on in their area. I tell those Members who are concerned that one useful step that they might consider is that of asking their local authority what use it makes of the scope available under PPS3. Furthermore, although in general I am not one to promote the views of the hon. Member for Brentwood and Ongar (Mr. Pickles), they might want to consult him on the approach that his local authority has taken. In our experience, it is one of the few local authorities to have in place the sort of planning policies that make distinctions that are locally justified, locally rooted and locally determined within the category of brownfield land for priority development.

I welcome the fact that the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said that she regards the confirmation of a review that I announced today as helpful. I welcome the welcome that the hon. Member for Beckenham gave to that review. I hope that she considers it as a new step, which is sensible and reasonable in the circumstances. I hope that she and other hon. Members will reflect on the fact that jumping beyond that approach to a conclusion that the policy and the legislation require change is not sensible or reasonable. There is a proper order for such things. We intend to undertake that review and will then establish whether there is systematic evidence that would warrant the changes for which some have argued this afternoon.

I hope that the hon. Member for Beckenham will not press the amendment to a Division. If she does, I shall have to ask my hon. Friends to stick with the view that the House should disagree with the Lords on amendment No. 115.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 278, Noes 217.

Division No. 334] **[6.56**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas

Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ian Lucas and
Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm

Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clegg, rh Mr. Nick
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.

Lords amendment disagreed to.

Clause 207

CIL REGULATIONS: GENERAL

Lords amendment: No. 160.

John Healey: I beg to move, That this House disagrees with the Lords in the said amendment.

The amendment would provide for a 60-day period during which either House may debate or pass a resolution on the draft community infrastructure levy regulations or refer the draft regulations to any Committee for a report. The Secretary of State must then respond to any debate, resolution or report, including by the other place, before this House may give approval to the regulations. The amendment followed an earlier Opposition Back-Bench amendment tabled in the other place that proposed that all CIL regulations should be subject to affirmative resolution of both Houses of Parliament. That amendment was rightly defeated and fell.

The House will be aware that clause 207(2) provides that CIL regulations are made subject to the affirmative resolution of this House only. It is the Government's view that that is appropriate since CIL is a financial matter. The House might like to note that the Bill has been in this form since it was published. It is also worth noting that this House did not at any stage seek to change that to give the other place a role. Not a single amendment was tabled in Committee in this House on this issue.

This is a financial matter. It is a matter for this elected House of Commons. For those reasons, I ask it to reject the amendment.

Mrs. Lait: I acknowledge that we did not discuss this issue in Committee. However, the amendment goes to the heart of our disagreement with the Government on the community infrastructure levy. The Minister will

[Mrs. Lait]

remember that we tabled many amendments in Committee. In fact, we objected to this aspect of the Bill from Second Reading onwards. My hon. Friend the Member for Brentwood and Ongar (Mr. Pickles)—he was delighted to receive the Minister's praise about his local development framework, although he says that it is not working in the way set out—and I made the accusation that CIL was akin to ship money, because it was taxation without parliamentary approval.

7.15 pm

We have been suspicious all along about CIL because of the original references within the Bill to land values, and we will be able to thank the Government for accepting our recommendations and removing all references to land values should we reach that stage. However, the initial references to land value essentially meant that there was a taxation element to the community infrastructure levy. There was also a reluctance, to put it politely, on the part of the Government to repeal the Planning-gain Supplement (Preparations) Act 2007, which if it remains on the statute book will allow CIL to be set up to fail, which was always at the back of my mind with this policy. The Government have sort of conceded on that, and there is an agreement in one of the amendments that the Treasury may repeal the 2007 Act. The House might like to note that I have tabled an amendment that it must repeal it. Until the references to CIL as a tax are out of the Bill, no one will believe that it is anything other than another form of taxation.

Our problem with the Government's disagreement with the Lords on Lord Jenkin's amendment is that it reinstates the argument that CIL is a tax. One of the difficulties that we have had throughout our discussions on CIL is the sheer lack of information about what it would be, how it would constituted, what form it would take, and who would be the charging authority—the Secretary of State or someone else. Again, just in case we do not get to that bit, I acknowledge that the Government have removed references to the Secretary of State as the charging authority. The wording now relates only to local authorities, which is what we argued for all along.

The Government are denying the House of Lords the ability to consider and, if it wishes, to vote on the regulations on CIL. Although the House of Lords graphically said that CIL had moved from skeletal in its detail to anorexic, we still know little about it and it is not clear whether it is a tax or a levy collected by a local authority. We disagree with the Government because we wish to make it as clear as possible that CIL is a levy. It is not, and should not be, a tax.

Part of the debate in the Lords was about the fact that there is no clear precedent on what financial matters can and cannot be discussed there—other than, of course, the well-known exception of the Budget. Lord Jenkin cited the fact that both Houses have discussed national insurance, council tax, business rates, the business improvement district levy, the climate change levy, and other charges. One or two of those are collected centrally. The community infrastructure levy is allegedly not going to be collected centrally; it is going to be collected by local authorities. The crucial difference is that the money raised from the levy is not going into the Consolidated Fund. Therefore, it is not taxation; it is a levy agreed between a developer and a local authority. It is appropriate that the Lords, who are—dare I admit it?—much more expert than we are in many areas, should consider the regulations.

CIL is still not clear; there is much work still to be done between the Government, industry and the professions involved in development. It is crucial that the regulations be examined in great detail when they come before the Houses of Parliament. It is absolutely correct that the House of Lords should be invited—indeed, should expect—to scrutinise the regulations, which will benefit from its scrutiny. If the Government are not prepared to concede that their lordships have a real role in ensuring that CIL is as workable as possible, I will have to return to my original suspicion—that the Government regard CIL as another form of taxation, that the planning gain supplement has not gone away, that what the Government have said so far is merely warm words, and that the development industry is facing another tax in these difficult times when they are not able to do much, if anything, in the way of development.

If and when better times return, the industry will face another tax, and the implication of another tax is that it will take even longer to build the houses and development needed to get this country going, so that it can meet the challenges of the 21st century in very different circumstances. I therefore support the Lords in their amendment, and will be voting against the Government.

Julia Goldsworthy: We Liberal Democrats welcome Lords amendment No. 160, which improves the Bill by seeking to reassert the role of the other place. It is a matter of great regret that the Government are attempting to freeze the second Chamber out of considering important regulations. The Minister argued that we are talking about a matter of financial privilege for this House. That sets a dangerous precedent for other regulations, and is not consistent with the consideration that the Lords give to other issues, such as council tax and business rates, which are both collected locally, and the business improvement district levy. Why should the CIL regulations be any different from regulations on those issues?

The Government have rightly removed the Secretary of State from the list of CIL charging authorities, so it is clear that we are talking about a matter for local determination, and not national taxation. The House of Lords Delegated Powers and Regulatory Reform Committee accurately reported that the receipts from CIL are not to be paid into the Consolidated Fund, but will be spent by the receiving body. Crucially, it also reported that key clauses that the legislation will leave to regulations are not obviously financial. The regulations relate to liability for the charge, charity law, rights of appeal and compensation, all of which are issues of legislative principle, not financial privilege.

Baroness Hamwee, my colleague in another place, argued that the provisions are so ill thought out that clause 207 should be excised altogether and brought back in another Bill, when Ministers know what they want to do. Instead, the Government have tried to put the charge on the legislative express train, whose final stop will be a 90-minute debate in a tiny Committee of this House.

Unfortunately, this is not the first assault on the role of the other place; Ministers have had a go at doing the same thing before, with proposals to thwart the role of the House of Lords in deciding on secondary legislation. The Joint Committee on Conventions looked into the issues in detail in 2006, and comprehensively rejected the case for impeding the ability of peers to say no to regulations on occasion. Indeed, it found, quite specifically:

> "There are situations in which it is consistent both with the Lords' role in Parliament as a revising chamber, and with Parliament's role in relation to delegated legislation, for the Lords to threaten to defeat an SI. For example…when the parent Act was a 'skeleton Bill', and the provisions of the SI are of the sort more normally found in primary legislation".

Part 11 of the Bill is so skeletal as to be positively emaciated. That is why we tabled amendment (a) to Lords amendment No. 160—to restore the basic right of a second Chamber in a bicameral Parliament to reject, in the last resort, a legislative proposal of which it does not approve. Ministers sometimes seem to forget that statutory instruments are legislation and should be treated as such. It is only right to treat them in that way, in terms of process, because we get better regulations as a result. The amendment is a welcome step forward.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Given that we are talking about matters that are not subject to the Parliament Act, is the hon. Lady saying she believes that the other place should have a right to veto legislation passed by this House?

Julia Goldsworthy: No, not a veto. I just think it is appropriate that the treatment of regulations made under the Bill should be consistent with the treatment of other regulations. The House of Lords has a right to consider issues such as council tax, business improvement districts and the levies that I mentioned, but are not given financial privilege; I see no reason why the regulations that we are discussing should not be viewed in those terms.

Almost all the substantial improvements made to the Bill are the result of pressure in the other place. It seems inappropriate to exclude the Lords from the process of putting flesh on the bones of this legislation. Peers have succeeded in getting some detail in the Bill, which is an improvement on what we had in this place. The process has proved that they are well placed to make rational, reasonable improvements as a result of genuinely cross-party consensus. On climate change, commons and open spaces, national policy statements, cross-examination during planning hearings, and people's right to avoid nuisance, the House of Lords has made a real difference to the Bill. It is better for their work on it, and the Minister should recognise that by withdrawing his opposition to a sensible amendment. He should allow another place to do its work, as we do ours. Those of us who believe in a bicameral Parliament should support the amendment.

John Healey: Lords amendment No. 160 was introduced on Third Reading in another place. It would put in place a new procedure for the Lords' role in secondary legislation. As such, it would create a precedent in the constitutional relations between this House and the other place. It is not appropriate to make such changes and precedents, which could affect other forms of secondary legislation, at the tail end of a Planning Bill.

I return to the principal point: the provision is on a financial issue that should rightly be a matter for this elected House of Commons. Since the Bill's publication, the provision has been that there would be an affirmative procedure for the CIL regulations. That provision was not subject to any proposed amendment in any of its stages in this House. It is not appropriate to make the change now, and therefore if Opposition Members press Lords amendment No. 160 to a Division, I encourage my hon. Friends to reject it.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 275, Noes 204.

Division No. 335] **[7.27 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon

Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Truswell, Mr. Paul
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Claire Ward and
Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clegg, rh Mr. Nick
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C.
(Monmouth)
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh
Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David

Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Baron and
Mr. Philip Dunne

Question accordingly agreed to.
Lords amendment disagreed to.

Clause 5

NATIONAL POLICY STATEMENTS

Lords amendment: No. 1.

John Healey: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to consider Lords amendments Nos. 2 to 7, Lords amendment No. 8 and amendment (a) thereto, Lords amendments Nos. 9 to 64, Lords amendment No. 65 and amendments (a) to (c) thereto, Lords amendments Nos. 66 to 100, 164 to 170, 173 to 182, 184, 185, 187, 189, 191 to 212 and 214 to 217.

John Healey: This large group of amendments relates to parts 1 to 8 and part 12, which are concerned with the creation of a new single consent regime for nationally significant infrastructure projects. At each stage of the Bill in both Houses, that issue has been subject to detailed parliamentary debate and scrutiny. However, even in the months since we first published the Bill, we have seen economic circumstances change dramatically. We have seen the effect of instability in the world energy markets, and it has never been so evident. That has concentrated minds still further on our national need for new investment in energy generation, and in particular on our need to replace one third of our electricity generation within the next 20 years or so.

In the nine months since we first debated the Bill, the world has become even more conscious of the threat of climate change. We have now pledged to move towards a carbon reduction of not 60 per cent. but 80 per cent. in this country by 2050. Doing that will require a tenfold increase in renewable generation over the next 12 years. Finally, the issues of pressure and competitiveness in the world economy, and competition for much needed investment in this country, are now even clearer.

Let us take, for example, Shell Haven port. That new development represents a £1.5 billion investment and will create in Britain the largest new logistics centre in Europe. The promoters estimate that it will generate 12,000 jobs, raise skills and bring huge regeneration benefits to the Thames Gateway. It will also reduce by 40 million km a year the distance travelled by heavy goods vehicles on UK roads. The UK needs such investment, but we must also create the right sort of environment for it, including a better planning system. That means implementing the reforms set out in the Bill.

There have been excellent debates throughout the Commons stages—not least in Committee—on the role of the infrastructure planning commission, its powers and accountability, the role of the national policy statements in providing a clear policy framework for IPC decisions, the type and size of projects that should be captured in the new regime and the accessibility of the new regime to the public. Those debates continued in the other place and the Bill has been much strengthened by amendments, many of them set out in this group.

Many of the amendments to these parts of the Bill are minor and technical. I shall concentrate on the most important amendments, which significantly strengthen the Bill.

Joan Walley (Stoke-on-Trent, North) (Lab): Will my right hon. Friend put on the record the concerns that have been raised about clause 157? I speak as an honorary vice-president of the Chartered Institute of Environmental Health. Will he confirm that he will consult that body, and that what is being proposed will not undermine the whole issue in respect of statutory nuisance and the preventive measures that can be taken?

7.45 pm

John Healey: My hon. Friend has a long-standing interest in these questions and good working links with environmental health officers. I think that I can give her those reassurances, although she would probably find it more useful if I set them out in detail, to respond to her concern in the light of amendments that have been made. I undertake to do so.

I turn to the most significant issues, particularly in respect of the strengthening of the Bill in the other place. I shall start with parliamentary scrutiny. Through parliamentary scrutiny and especially through national

[John Healey]

policy statements, Ministers will continue to take the big decisions. Those will be visible and at the front of the process rather than at the back end, as is the case under the current system. Once the national policy statement is in place, it will set the principal framework for any IPC decisions on particular applications.

If the national policy statements are to function effectively, they must be authoritative and strong. That is why we are committed to ensuring that they are thoroughly tested through public consultation and through a new system of parliamentary scrutiny that we have developed in discussion with the Chairs of the relevant Select Committees. Lords amendment No. 7 will strengthen the role of the other place in the scrutiny of national policy statements. The amendment extends the requirement that the Secretary of State is required to lay before Parliament a statement setting out her response to a Committee of this House or of either House.

I turn now to climate change, a subject of strong debate throughout this House's scrutiny of the Bill. A number of my hon. Friends have strongly championed a strengthening of the provisions—not least my hon. Friends the Members for Pudsey (Mr. Truswell) and for Stroud (Mr. Drew), who are the principal advocates of an amendment to Lords amendment No. 8. If I explain to my hon. Friends how we have strengthened the Bill through amendments in the Lords, perhaps that will give the proper context and explain some of the problems that I envisage with their amendment (a).

Lords amendment No. 8 looks to alter the current duty in relation to sustainable development which requires the Secretary of State to draw up or review national policy statements with the objective of contributing to the achievement of sustainable development. Let me explain what is meant by that. The concept of sustainable development sits at the heart of planning. It catches the range of our economic, social and environment objectives and ensures that we focus on developing our country in a way that is sustainable in the long term and protects the needs of future generations as well as the current one.

Achieving such sustainable development will require Ministers to address climate change. We must also address issues such as landscape, biodiversity and natural resources and integrate them in a sensible and balanced way that allows at the same time consideration of certain social and economic concerns. In that way, the policy will bring those elements together. We have debated the concept of sustainable development a number of times during the passage of the Bill and we believe that it should be the guiding principle for Ministers as they prepare the national policy statements. That is why clause 10 attaches such importance to it.

We recognise, however, that as we have debated the various stages of the Bill, Members of this House and the other place have expressed a strong desire to put something more explicit in the Bill to reflect the importance of climate change. That argument has been strongly led by my hon. Friends the Members for Pudsey and for Stroud, as well as by my hon. Friend the Member for Sherwood (Paddy Tipping), who is not in his place at the moment. We therefore made amendments to the Bill in the other place. However, we have been conscious of the need not to unbalance the principle of sustainable development by elevating the consideration of climate change and design to such a degree that other considerations would be relatively marginalised—such as jobs and investment, health, a just society and other environmental factors such as the protection of biodiversity or the natural environment.

The formulation that we have set out in Lords amendment No. 8 requires the Secretary of State to have regard in particular to the desirability of adapting to and mitigating climate change. Making it a statutory requirement to have regard to something that is desirable is a recognised concept in planning, and it is an approach that has been the subject of several cases. It clarifies—I hope that this will give my hon. Friends some reassurance—the fact that requiring decision makers to have particular regard to the desirability of an objective works as a way of putting something first and foremost in the decision maker's mind, while not preventing them from considering other important matters. Where a desirable objective is met by a particular proposal, that must be a major point in its favour, but it does not necessarily rule out having regard to other factors.

We now have in the Bill a clear three-stage process. First, Ministers must, as part of drawing up the national policy statements with the objective of contributing to the achievement of sustainable development, have particular regard to the desirability of mitigating and adapting to climate change. That is a strengthening of the Bill since this House last debated it. Secondly, Ministers will thoroughly assess what the impact of the policy is on carbon emissions and other factors affecting climate change and, where necessary, adjust the policy in light of this. Thirdly, Ministers must report on what they have done and why, in the context of wider climate change policy, including the Climate Change Bill.

My concerns about my hon. Friends' proposition are twofold. First, particularly as we strengthen the Bill in the ways that I have described, their amendment could in practice elevate climate change and design considerations over all other considerations of sustainable development, and in doing so might pre-empt a decision about what in any particular case amounts to sustainable development. Secondly, the introduction of the phrase "due regard to the need to" raises a problem, because it is untested and it is not exactly clear what it means or what effect it would have in practice. That differs from the approach that we have taken in Lords amendment No. 8.

Let me turn to the issue of design. In the other place, there was a strong mood and move towards making amendments to ensure that the new regime gave sufficient weight to the need for infrastructure to be well designed. Lords amendment No. 1 therefore requires that every national policy statement will set out criteria for design that must be taken into account in the development to which the policy statement relates. That means that in every national policy statement Ministers should set out clear expectations that infrastructure projects would be well designed and provide a framework against which proposals could be assessed.

The third area of major concern, as at each stage of the Bill's passage, was the reviewing of national policy statements. Lords amendment No. 3 provides clear criteria to determine when a national policy statement should be reviewed, requiring that the Secretary of State must consider whether there has been a significant change in any circumstances on which the policy is based since the last time it was reviewed. The Secretary of State must also consider whether the circumstances were already anticipated in the previous review and whether, if the change had been anticipated, any of the policy in the statement would be materially different. Lords amendments Nos. 3, 4, 9,10 and 11 provide that when the Secretary of State wishes to conduct a review of a national policy statement it could be a complete or a partial review. They add a measure of flexibility so that where appropriate the Secretary of State will need only to consider whether circumstances have changed significantly in respect of the part that is to be reviewed rather than for the policy statement as a whole.

Let me turn to statements of policy that pre-date the commencement of these provisions. This aspect is of particular concern to my hon. Friend the Member for Hayes and Harlington (John McDonnell). Lords amendments Nos. 12, 15, 16 and 17 amend clause 12 to provide that where the Secretary of State wishes to use existing statements of policy or work that was done for the purposes of existing statements of policy, the standards of the Bill will still apply.

John McDonnell (Hayes and Harlington) (Lab): Will my right hon. Friend give way?

John Healey: I was taking a deep breath to get on to developing that point, but by all means I give way to my hon. Friend.

John McDonnell: I apologise for the fact that in four minutes' time I am meant to be chairing a committee, so I will have to leave shortly. I just wanted to get explicitly on the record what the meaning of the clause, as amended, now is. I assume that it means that existing policy statements for example, the aviation White Paper would not stand up as a national policy statement for use by the new planning commission because it has not gone through the procedures set out in the Bill for a national policy statement, which means exhaustive consultation as well as parliamentary approval, and that on that basis an area such as aviation would require a new national policy statement before a major application was considered by the new planning commission.

John Healey: Let me try to help my hon. Friend, as I did on Report and Third Reading. To be absolutely clear, the amendments mean that all national policy statements, including those designated under clause 12, must meet the standards for appraisal of sustainability, for public consultation and for the parliamentary scrutiny set out in the Bill. In other words, the Secretary of State will not simply be able to dust off an existing policy and designate it as a national policy statement for the purposes of the Bill without meeting the requirements that the Bill sets out.

John McDonnell: I will leave it at that.

John Healey: I welcome that and wish my hon. Friend well in chairing the committee in two minutes' time. I suggest that he may need to get his skates on or he will be late for that appointment.

John McDonnell: I may return.

John Healey: I am not sure whether that is a threat or a promise from my hon. Friend, but if he does return we look forward to seeing him.

On guidance, the hon. Member for Beckenham (Mrs. Lait) has raised several concerns about amendments Nos. 53, 54 and 56. I look forward to hearing what she says about that, but I do not understand the reason for the Opposition's concern. Essentially, taken together the Lords amendments are part of strengthening the system in a way that allows the IPC and the Secretary of State not only, to issue guidance at specific points in the system as they did before, but to issue guidance covering any aspect of the pre-application requirements. They also strengthen the requirements for any promoter to have regard to that guidance.

Finally, I come to amendment No. 65, which some of my hon. Friends are concerned about. I understand the intentions behind the amendments that they have tabled, which is to ensure that interested parties have access to advice and assistance where appropriate, but I am not sure that the amendment they propose is necessary or the best way to achieve that aim. The provision of legal advice and assistance under Lords amendment No. 65 is for the examining authority, which would include carrying out on behalf of the examining authority—in other words, the IPC—oral questioning of any person making representations at a hearing. That latter potential function raises serious questions about whether that source of legal advice is appropriate as a source of legal advice and assistance to an interested party at a hearing.

8 pm

Secondly, clause 49 already ensures that the commission can provide advice to interested parties about the application process or on how to make representations. If the concern of my hon. Friend the Member for Pudsey is that interested parties and local groups might be priced out of being able to secure representation for themselves, he will be aware of our announcements to increase substantially this year, and in following years, provision for the Planning Aid system. That is designed exactly to provide advice to community groups and to ensure that individuals who might not otherwise get it can be represented.

Mr. Drew: I recognise and welcome the additional moneys that will be made available through Planning Aid, but just so that I can be clear, will the Minister tell me whether Planning Aid can represent third parties at an examination—the process by which the public can express their opinions? May I have it on the record that Planning Aid can do that and that it does not stop before we get to a formal examination?

John Healey: The purpose of Planning Aid, as my hon. Friend knows, is to provide assistance to community groups so that they can develop their understanding of the planning system, allowing them to communicate and express their views or concerns better. It is also there to help individuals who, without assistance, would be excluded from the planning process. It is not necessarily there to fund legal advice and representation.

Several other significant areas have been previously covered in debate. First, we have something that was urged upon us, and was described as a safety valve for IPC decisions. This area, and a couple of others, relates to the final stage of the new process, which is the

[John Healey]

consideration of applications. One of the main concerns was that the Bill did not provide for a safety valve if the system was not working. My right hon. Friend the Secretary of State made a commitment on Report, in response to concerns expressed by my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts), that we would carry out a review of how the IPC was working two years after its establishment. We agreed to table amendments to the Bill in the other place allowing the grounds on which Ministers can intervene in applications made to the IPC, and take decisions, to be extended if the review reveals problems. Lords amendments Nos. 76, 77 and 174 meet that commitment.

The second concern about the final stage of the new process relates to opportunities for the public to participate. While the Bill enhances the right for the public to have a greater say at all three stages in the process rather than one, some have questioned the way in which it provides for the IPC to probe, test and assess evidence through direct questions rather than cross-examination. Our amendments strengthened the process and reassured people, making it clear to them that cross-examination was not ruled out in the new regime and that it would be allowed where the commission considered it necessary.

I hope that it has been useful to touch on the main points where there has been substantive strengthening of the Bill during its passage in the other place.

Mr. Betts: May I ask my right hon. Friend to reflect on one area that he has not mentioned? The Government have clearly given further scope to what should be a nationally significant infrastructure project. We discussed the matter in Committee, and we were concerned that the Department for Transport was extending the number of projects that would end up with the commission because any trunk road, or an alteration to one, would be caught. At the time, I thought that the Government would reflect on the matter and get back to us. The Local Government Association is concerned that fairly small alterations would be caught in the net even if they did not have any national significance.

John Healey: My hon. Friend's point is not about the provisions and what constitutes a nationally significant infrastructure project, which would be dealt with under the new regime, but about a Government commitment. This relates to examination by the Department for Transport of planning applications that it deals with which would not necessarily fall within the remit of the IPC, but which could nevertheless be properly and rightly devolved to local authorities as local planning authorities. That work continues, and my colleagues in the Department for Transport will be able to update my hon. Friend and the House when they have concluded their consideration of those questions.

I commend Lords amendment No. 1 to the House, and I ask that we deal with the other amendments in the way that I have indicated.

Mrs. Lait: This enormous group of amendments covers a wide number of subjects, most of which we have discussed exhaustively in this House. Their lordships have also discussed them exhaustively, and the cumulative effect is that the Government have listened. However, some fundamental issues have not been addressed, and they are the basis of our objections to much of the Bill.

I begin, however, by congratulating the Government on taking into account concerns about climate change and design. That represents a great step forward from the original Bill, which talked about sustainable development. However, on close reading of the Lords amendment, one is slightly suspicious that it could turn into a box-ticking amendment. We are attracted to amendment (a) tabled by the hon. Members for Pudsey (Mr. Truswell) and for Stroud (Mr. Drew) because it would toughen up the terms of Lords amendment No. 8 and ensure, one hopes, that it is not a box-ticking exercise. We have had enough of such box ticking in the past 10 years, and we now hope to get some action.

I know that a lot of people want to speak, but may I welcome briefly the Minister's reassurances to the hon. Member for Hayes and Harlington (John McDonnell) on the old policies? Aviation was the classic example that we all cited while trying to get the Minister to understand that the European directives on strategic environmental assessment had to be incorporated in legislation, and that the existing references to aviation in the Bill were not up to that standard.

Lords amendment No. 7 is at the core of our objection to the system that the Government are setting up. At the risk of repeating myself for the nth time, we believe that national policy statements that do not have Parliament's approval through a substantive vote will not speed up the delivery of infrastructure projects, which we all agree are needed. Recent warnings were issued about possible shortfalls in the electricity supply this winter, let alone in 2015. I believe that the first new power stations could be on stream in 2020, so we have a genuine problem just with energy, let alone with the other infrastructure that needs updating. There is therefore no argument about the need for the national policy statements; the argument is about securing a democratic lock on those policy statements, through a substantive vote in Parliament.

I may be interpreting the Lords amendment incorrectly and I am happy to be told that I am wrong. However, under clause 9(4)(a),

> "either House of Parliament makes a resolution with regard to the proposal".

That implies a vote. Subsection 4(b) provides that

> "a committee of the House of Commons makes recommendations with regard to the proposal."

We believe that either House of Parliament should make those recommendations, and we therefore agree with Lords amendment No. 7. Without a substantive vote in Parliament, the national policy statements will be vulnerable to challenges in the courts, which means that as soon as they go to court, delay is built into the process. That would have the same impact on planning applications as what happened to the lengthy applications for terminal 5, Sizewell and all the examples that we have cited so often.

We recognise and accept that Ministers make decisions on the matter; we are discussing a ministerial recommendation to Parliament. If a Government have a majority, a substantive vote in Parliament should be deliverable. There will be inevitable controversy about national policy statements, but a vote should be deliverable.

The statement would therefore go through the same process as any Bill that becomes an Act. Once the statement receives a substantive vote in Parliament, the Government's basic argument for the Infrastructure Planning Commission falls because the national policy statement becomes a parliamentary statement, with Parliament's approval, and the Secretary of State or a Minister can easily make a decision about the detailed planning application at the final stage, thereby providing another democratic lock on the planning system, which the IPC does not deliver.

I want to put it on record again that, should the IPC be set up, we would look to end its existence as fast as possible because we believe that the British people expect democratically accountable Ministers, who are elected by them, not an unaccountable quango, to be responsible for such decisions. If today's announcement is to mean anything, many of those quangos should be abolished.

Mr. Betts: Many of us are intrinsically sympathetic to the view that there should be a vote in Parliament on matters such as national policy statements. However, as we discussed at length in Committee, the problem is that the other place would also have a vote and, given that the Parliament Act does not cover such votes, we would hand a veto to the other place over all national policy statements. That does not amount to much democratic accountability.

Mrs. Lait: The hon. Gentleman is right that we have had endless debates about the matter. However, he does not credit their lordships' House with the sense of responsibility with which I credit it.

Mr. Betts: Trust.

Mrs. Lait: Indeed—I trust their lordships' House. The hon. Gentleman is long enough in the tooth as a Member of Parliament to know that Conservative Governments have as much difficulty as Labour Governments with their lordships' House. It is therefore a big thing for me to say that I would trust their lordships to ensure that national policy statements were treated exactly the same as Bills. Indeed, today we are debating a measure that has been heavily amended in the House of Lords. There is nothing to say that the House of Lords should not be able to recommend amendments to a national policy statement. It would then be up to the Government, with a majority, to assert their will.

8.15 pm

Mr. Betts: I thank the hon. Lady for giving way again. Is she saying that a future Conservative Government would commit themselves to putting national policy statements before both Houses, that they would be amendable, with full time for debating them, and that the Parliament Act should apply so that the will of this House would prevail in the end?

Mrs. Lait: I am saying that I am sure that their lordships' House would be sufficiently responsible to understand the Government's will, and I hope that the hon. Gentleman recognises that.

The amendments clearly show our objections in principle to the measure. I do not want to take up too much more time because we are running short of it and several other hon. Members wish to comment.

We are pleased that the Government have acceded to our request about reviewing statements. The Minister asked me why I was unhappy about amendments Nos. 53 to 56. The original Bill mentioned "community involvement", but the amendments delete that reference. If one factor is key to where our planning system currently goes wrong, it is that the community does not feel involved. The phrase "community involvement" is essentially replaced by, "There will be guidance." The guidance may well include community involvement, but it is not as explicit as it was in the original measure. If the Minister cares to reassure me, even briefly, I will be happy.

We have argued about the right to be heard throughout the Bill's passage. We believe that it is still not strong enough. We welcome the legal advice to the commission to which the Government have agreed, but we would like it to be strengthened so that the right to be heard is guaranteed. I was interested in the answer that the hon. Member for Stroud received about Planning Aid because that was my interpretation—and, indeed, Planning Aid's interpretation—of what it can do. A difficulty remains with people's ability to get legal representation.

I was interested in the Minister's comments on amendment No. 76, which deals with the Secretary of State's ability to call applications in. The Minister said that it covered only the review of the IPC. Again, I am prepared to be corrected—I am not a lawyer—but the amendment states:

> "The Secretary of State may by order specify other circumstances in which section 108 is to apply in relation to an application for an order granting development consent."

That suggests that the Secretary of State can call anything in. If that is the case, why establish an IPC? The power is too wide. I cannot believe that the drafting is so loose that my interpretation is correct, but I would be grateful for the Minister's clarification so that we all know where we stand.

With apologies for taking so long, I commend our amendments to the Lords amendments.

Mr. Truswell: I rise to speak to amendment (a) to Lords amendment No. 8, which stands in my name and that of various hon. Members across the House. One of the reasons why my Back-Bench colleagues and I tabled the amendment was to give my right hon. Friend the Minister the opportunity to join the pantheon of our Front-Bench heroes, to which many of his colleagues have recently been elevated. *[Laughter.]* No, no, laugh you not—the roll-call is impressive. It includes our right hon. Friend the Member for Doncaster, Central (Ms Winterton), who made significant and welcome changes to the Local Transport Bill; and our right hon. Friend the Secretary of State for Energy and Climate Change and the Under-Secretary of State for Energy and Climate Change, our hon. Friend the hon. Member for Lewisham, Deptford (Joan Ruddock), who accepted amendments to the Climate Change Bill and the Energy Bill. Indeed, I think that our hon. Friend the Member for Nottingham, South (Alan Simpson) is still recovering from the shock.

My right hon. Friend the Minister has a reputation for being somewhat austere, which his earlier comments reinforced. He seems to believe that it is his solemn duty to prevent Back Benchers from becoming over-intoxicated by too much of a good thing and that he therefore cannot accede to our amendment (a). However, all the

[Mr. Truswell]

changes to the Bills that I have listed demonstrate a willingness to listen, reflect and then act. All those changes reflect a degree of joined-up thinking in the crusade, as it were, to tackle climate change. The signatories to my amendment (a) believe that it is necessary for the Bill to do exactly the same thing.

It is particularly vital in the context of the 80 per cent. emissions target that we achieve a radical change in new infrastructure, in order to move to a low-carbon economy. In that context, we welcome certain provisions in the Bill, such as the climate change duty associated with local and regional plans. However, the Government have placed no duty on the IPC to consider climate change, because they argue that national policy statements will deal with climate issues. However, that argument is compromised by the fact that the IPC can depart from NPSs in defined circumstances.

Even if we take the argument about national policy statements at face value, however, we still need to place a strong duty on the Secretary of State to consider climate change when drawing up NPSs. However, Lords amendment No. 8 to clause 10, which relates to sustainable development, is so weak as to make little difference to the actions of the Secretary of State when it comes to the crunch. As my right hon. Friend the Minister has said, Lords amendment No. 8 says that

"the Secretary of State must (in particular) have regard to the desirability of…mitigating, and adapting to, climate change".

Despite my right hon. Friend's protestations, that feels very weak indeed. "Desirability" smacks of the language of aspiration—merely an objective to have in mind, but not necessarily to be achieved. The obligation on the Secretary of State is couched in language that would make it difficult for a court or anyone else to put a strong construction on the provisions.

Even if that were not the case, there is an inherent problem with almost any conceivable clause relating to sustainable development, precisely because the language of sustainable development is imprecise. The phrase is not defined in the Bill—as far as I am aware, it is not defined in any legislation—and even non-statutory definitions are couched in open and vague terms. Amendment (a) to Lords amendment No. 8 seeks to replace the word "desirability" with a stronger construction, which places a duty on the Secretary of State to have

"due regard to the need to…mitigate and adapt to climate change".

I should add at this juncture that we took the liberty of lifting those words from other Government legislation, so one would hope that that legislation was subject to the sort of scrutiny that—

John McDonnell: Plagiarism.

Mr. Truswell: Indeed, we have to plead guilty to that charge.

Julia Goldsworthy: Perhaps the hon. Gentleman could enlighten us as to which legislation he lifted that wording from, so that the Minister can go away and double-check that the other legislation is untested.

Mr. Truswell: That is like the Schleswig-Holstein question. I have forgotten the answer, but I assure the hon. Lady that the wording was indeed lifted and that I will give her that information in due course.

The formulation that we propose strengthens the weak notion of "desirability", replacing it with need or necessity. That would elevate climate change to an unavoidable consideration, even though it would be sufficiently flexible to leave room for argument. Lord Hunt suggested in the other place that the Climate Change Bill, and particularly the 80 per cent. emissions target, would deal with all those issues. He also asserted, if my reading of his words is right, that the Government could not be constrained by a duty to mitigate climate change, because that implied that all national policy statements would achieve that goal, when it was clear that they would not.

However, signing up to an 80 per cent. emissions reduction target has no direct impact on national policy statements, unless we create a direct link between the Climate Change Bill and the Planning Bill. For the reasons that I have just given, I submit that that link is weak to say the least. The Climate Change Bill makes no reference to the Planning Bill; indeed, it appears that we are being asked to take that relationship almost on trust. The reality is that achieving an 80 per cent. emissions reduction target will require radical new signals to industry. Much of that will have a positive economic impact, particularly in the field of renewable energy and other technologies, through research, design and manufacturing.

However, Lord Hunt seems to have suggested that a strong climate change duty might compromise energy policy, and that climate change has to be balanced by other priorities. That simply misunderstands both the opportunity for a low-carbon economy and the scale of the threat of climate change. In any event—I would be the first to admit this—our proposed amendment is not a straitjacket; it is a proposed subsection to an already quite weak clause setting out a sustainable development duty. In that context, our slightly more directive proposed subsection leaves, for better or worse, a considerable margin for discretion on the part of the Secretary of State. However, we believe that we have nudged that obligation in the right direction.

We cannot allow the Planning Bill to act as a massive bypass around the Climate Change Bill or climate change obligations. For that reason, I wish to push amendment (a) to the vote at the appropriate time.

Julia Goldsworthy: To follow what the hon. Member for Pudsey (Mr. Truswell) has said, Lords amendments Nos. 2 and 8 concede an important principle, concession on which we struggled to get in this place and had to go to the other end of the Palace for the Government finally to concede.

However, there is still value in pressing for that extra step forward. I, too, was disappointed by just how qualified is the phrase

"have regard to the desirability of".

As the hon. Member for Beckenham (Mrs. Lait) said, that smacks of a box-ticking exercise just to prove that regard has been given, rather than an effort to make a material impact on any decisions made. I urge the Minister to think again if he wants to send a clear signal, because amendment (a) would make it clear that the duty was categorical and not qualified.

There is also an important point about the need for good-quality design as well as environmental sustainability. Amendment No. 1 builds on that important principle in the Bill. On the environmental theme, it is good that under amendment No. 102 regional development agencies would have such an obligation.

The review of national policy statements is another significant area covered by this group of amendments. We welcome amendments Nos. 3, 9, 10 and 11, which set out more clearly the circumstances in which the statements can be reviewed. The Liberal Democrats hope for a rigorous scrutiny process for the statements, involving both Houses of Parliament. Although the amendments do not build in the level of scrutiny that we think desirable, it will none the less be important that work that has been done is not undermined by an errant Secretary of State reviewing and changing the statements at will. It must be welcome that there will have to be a significant change in circumstances, which was not anticipated at the time of the initial statement, for those changes to take place.

8.30 pm

The amendment, along with amendments No. 4 and Nos. 70 to 72, allows for part of a statement to be reviewed, so it would prevent the baby from being thrown out with the bathwater. If a review is needed, only parts of the statement for which the circumstances have manifestly changed should be reviewed. We also welcome amendments Nos. 20 to 24, which make similar changes to the provisions relating to any legal challenges that may be brought against the NPS. In a similar vein, amendment No. 7 would give the House of Lords the right to report on statements in its Select Committees, and to expect a response. That is important, right and proper, but I would have preferred a greater role for both Houses, with voting on the statements themselves.

Amendments Nos. 12 to 19 on retrospection are welcome. They respond to concerns that were raised in another place, not least by our former colleague from North Cornwall, Lord Tyler, that clause 12 could introduce elements of retrospective legislation by allowing previous Government statements of policy to become designated national policy statements without proper scrutiny. The air transport White Paper was of particular concern in that regard. We are particularly pleased that clause 12(4) is to be excised from the Bill to ensure that the "Parliamentary requirements" in clause 9 will have to be met afresh when an old policy statement is to be designated as an NPS.

We also welcome amendment No. 63, which removes the word "exceptionally" from the provision about people being given oral hearings. I was disappointed by the Minister's reluctance to give local people their say, but it is good that there has been some movement. However, amendments (a) to (c) to amendment No. 65 would strengthen the measure further, and it is absolutely right that the same rights should be extended to people who are cross-examined as are given to those making representations to the commission.

I pay tribute to my colleague Baroness Hamwee, who worked hard with the Minister in the Lords to have amendments Nos. 68 and 69 added to the Bill. We consider that to be a quiet, but significant, Liberal Democrat achievement. It is vital for local planning authorities' policies to be considered along with national policy statements when the commission takes decisions. Amendment No. 69 ensures that the panel or council that takes the decision on an application may have regard to conditions for deciding applications that are outwith the NPS. That is certainly welcome.

I also welcome the Minister's clarification of amendments Nos. 76 to 78, because it was not clear to me from reading them that they were the Government's way of saying that the IPC's functions will be reviewed in two years' time. I am glad that that safety valve is there, but that could be made more explicit, as that seems a roundabout way of doing things. Some important issues have been raised, but I shall conclude now, as I want to give the hon. Member for Stroud (Mr. Drew) time to speak to his important amendment.

Mr. Jim Devine (Livingston) (Lab): I shall speak to amendment No. 215, which deals with section 10 of the Water (Scotland) Act 1980, which hon. Members will know is my bedtime reading. The amendment deals with the responsibility of factoring companies such as Greenbelt.

In the past 15 to 20 years, there has been a big change in the provision of factoring services in planning applications to local communities. That used to be the responsibility of local councils, which adopted common land and land that was provided for local communities, such as land for swing parks. That service was paid for by council tax, or poll tax under the Conservative Administration. However, that changed about 20 years ago as a result of the explosion in private house building throughout the UK. After that, councils no longer adopted such areas because of the work load involved.

Since then, there has been a growth of companies such as Greenbelt. During the planning process, we have seen private companies taking over the responsibility from councils; we have seen lawyers selling the houses and not advising their constituents or clients that they would have to pick up an additional payment of up to £400 a year; and we have seen sales departments failing to mention the additional burden.

Until recently, it was possible to vote out these land maintenance companies, but sadly, companies such as Greenbelt have changed the rules. Now such companies buy the common land in agreement with the contractor and the house purchasers. In practice that means that, regardless of the service provided by such companies, people cannot sack them. Quite frankly, it is a disgraceful situation. People now find themselves responsible not only for cutting grass and the maintenance of swing parks in their areas, but even for their drainage systems. If the drainage systems go wrong, they have to pick up the tab. A company actually has the right to charge people for that.

Let me provide an example. There are 11 estates in my constituency and I recall that an abandoned car was found in one of them. The company charged more than 100 houses 2p a quarter: it had to phone the Driver and Vehicle Licensing Agency and claimed that that cost £2, so it charged each household 2p. As I said, the company charges up to £400 a year and it behaves in a quite unacceptable and bullying manner. Anyone who refuses to pay because of the lack of service very quickly receives a threatening letter from the company, telling them that they will be blacklisted.

When I first mentioned the company in this place, it wrote to Mr. Speaker and told me that I had no right to raise issues about it in this House and that it had every

[Mr. Jim Devine]

right to do whatever it wanted because it owned the common land and could charge what it wanted. If it did not provide a service, people still basically had to pay. This is Farepak for home owners, yet this company is operating from the highlands to Birmingham, in Wales and in Northern Ireland. Its behaviour is, quite frankly, outrageous.

One of my constituents, Paula Hoogerbrugge, set up a website to highlight the deficiencies of, and threats and intimidation from, the company. It then contacted her employers—she is a senior public relations manager with British Telecom—to tell them that she was mixing with extreme left-wingers, when all she was doing was standing up for the residents.

John Robertson (Glasgow, North-West) (Lab): I am sorry to interrupt my hon. Friend's flow, but he is talking about extreme left-wingers and I am wondering who they were. My hon. Friend makes a very good case. Does he agree that companies such as this have to be answerable to somebody—and somebody in this regard should be the elected representative, who can take on constituents' cases? If that is not allowed, we need to look seriously into the law and find out how to bring these people to book.

Madam Deputy Speaker (Sylvia Heal): I hope that when the hon. Member replies, he will remember the amendment that is under discussion at the moment.

Mr. Devine: I will come back to the amendment, Madam Deputy Speaker, when I talk about the other services provided. Amendment No. 215 is relevant. My hon. Friend is right. Companies such as Greenbelt buy up common land and gain ownership of it so that they can provide little or no service. As he says, it is very difficult to get rid of them, so we should be looking into changing the law in order to rectify the problem.

One crucial area of responsibility—amendment No. 215 is relevant, Madam Deputy Speaker—is compensation for damage under section 10 of the Water (Scotland) Act 1980. In the past, it was the responsibility of councils to deal simply and purely with water drainage systems. That is no longer the case. People are now paying £400 a year to this company for the service. It was initially responsible for the management of common land and the swing parks, but it is now taking on the responsibility for water drainage systems. That affects my constituents and many others. Eleven estates in my constituency deal directly with this company.

In the past, under the Land Drainage Act 1991, the council would provide the necessary service. In the event of a flood, for instance, it would provide services to repair the damage caused by inadequate drainage. That duty has now fallen to Greenbelt and similar companies, and the charges are being passed on to my constituents.

Rob Marris (Wolverhampton, South-West) (Lab): My hon. Friend is speaking eloquently to Lords amendment No. 215. The amendment relates to schedule 12, which itself relates to Scotland. My hon. Friend has referred to the activities of such rip-off companies in other parts of the country, including my own in the west midlands. Do we need legislation in England, for example, similar to that which he is propounding for Scotland?

Mr. Devine: That is an interesting point. The problem is that some of the responsibility is devolved and some is reserved. I would argue that monopolies legislation is relevant. Why should my constituents, and literally hundreds throughout the United Kingdom, have absolutely no choice? Devolved issues include local government responsibilities, through planning legislation and the Water (Scotland) Act.

I want to raise another important point with my right hon. Friend the Minister. I consider it important that we have set up an all-party group on land maintenance—

Madam Deputy Speaker: Order. The hon. Gentleman is straying a little wide of the amendment.

Mr. Devine: I shall conclude my speech, Madam Deputy Speaker. I believe that the Lords amendment has major implications for land maintenance companies, and for the planning procedure as a whole. I hope that my right hon. Friend the Minister will agree to meet us to discuss the issue.

John Healey: This has been a useful debate, in which we have covered a good deal of ground.

I echo the tribute paid by the hon. Member for Falmouth and Camborne (Julia Goldsworthy) to Lady Hamwee. Let me add that Lord Dixon-Smith and Lady Andrews—representing the Government—together did a very good job in strengthening the Bill, and that, throughout the process, Lady Andrews and I have been supported very well by excellent officials, to whom I also pay tribute.

The other place—and this, Madam Deputy Speaker, relates to the content of the amendments that I wish the House to accept—has strengthened the Bill in a number of significant areas: the production of national policy statements, parliamentary scrutiny and debate on national policy statements, public consultation—

It being three hours after the commencement of proceedings, MADAM DEPUTY SPEAKER *put the Question already proposed from the Chair, pursuant to Order [this day].*

Lords amendment agreed to.

MADAM DEPUTY SPEAKER *then proceeded to put the remaining Questions necessary to dispose of the business to be concluded at that hour.*

Subsequent Lords amendments agreed to [some with Special Entry].

Mr. Truswell: On a point of order, Madam Deputy Speaker. I said at both the beginning and the end of my speech that I wished to press my amendment to a Division.

Madam Deputy Speaker: The hon. Gentleman certainly did, but at that point we were dealing with Lords amendment No. 1. Had time allowed it, I would have called the hon. Gentleman to move his amendment formally. Unfortunately, we ran out of time.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to their amendments Nos. 115 and 160: Julia Goldsworthy, John Healey, Mrs. Jacqui Lait, Mr. Andrew Love and Mr. Dave Watts to be members of the Committee; John Healey to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Mr. Watts.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Data Protection and Freedom of Information

Queen's recommendation signified.

8.45 pm

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I beg to move,

That, in respect of service from 30th November 2007, the salary of the Information Commissioner shall be at a yearly rate of £140,000.

The position and role of Information Commissioner arise out of two sets of decisions by this House and the other place: the Data Protection Acts of 1984 and 1998 and the Freedom of Information Act 2000. Even when the post was simply concerned with data protection, its duties could involve a conflict with the Government of the day, since the commissioner acts on behalf of the individual to protect personal information held on those individuals, not least by Government. Still more, there is a fundamental conflict of interest in the commissioner's role under the Freedom of Information Act, which this House and the other place passed after much debate in 1999 and 2000—and, indeed, strengthened as a result of pressure from both sides of the House and in both Houses, including in respect of making Parliament subject to the Act. That Act involves enforcing the public's right to have access to information against public authorities and the Government where, by definition, the issue will only land on the desk of the Information Commissioner if the public authority has refused to provide the information requested.

The role of the commissioner, therefore, is one that requires great independence and integrity, legal facility and an ability to make difficult and balanced judgments. I think I speak for the whole House in expressing my gratitude to Richard Thomas for the way he has conducted himself in this post through the birth pangs of the implementation of the Freedom of Information Act. He showed that he has those qualities of independence, integrity, legal facility and an ability to make difficult and balanced judgments.

The Government have carefully considered the commissioner's salary in the light of the changes to his role and responsibilities since it was last reviewed in March 2001, shortly after the Freedom of Information Act was formally passed by this House and received Royal Assent, but a full four years before it came into force. The extraordinary prevailing economic conditions quite properly place constraints on public sector pay settlements. However, the Government position is that the particular circumstances of the Information Commissioner's case warrant the increase set out.

There are three reasons for that. First, the world has changed considerably since the data protection registrar was originally appointed in 1984 to safeguard personal information. There is no need to explain to the House the astonishing revolution in the collection and dissemination of personal information of all kinds as a result of the IT and internet revolution. Secondly, the implementation of the Freedom of Information Act 2000 effectively doubled the range of the commissioner's responsibilities, combining those for data protection and freedom of information in one job description.

Recently, there have been two further sets of changes, both of which add to the commissioner's responsibilities. First, as all Members are aware, there has been great public and parliamentary concern about data security within both the public and private sectors. This has led to a great deal more work for the Information Commissioner and, so far as Government are concerned, it has led to us proposing to the commissioner—which he has acceded to—spot checks of Government Departments and the production by him of an annual surveillance report.

Secondly, and more fundamentally, on 25 October 2007 my right hon. Friend the Prime Minister announced that he had asked Professor Mark Walport, director of the Wellcome Trust, and Mr. Thomas, the Information Commissioner, to undertake a major review of data sharing in the public and private sectors. The report of the review was published on 11 July 2008 and, in a written ministerial statement today, I have announced the Government's response to it. The consequence is that the commissioner will be taking on further responsibilities, including greater inspection powers to ensure data protection compliance, powers to demand information necessary to assess compliance, a statutory duty to publish a data sharing code of practice, and a new tiered notification fee with an extra penalty for false registration. Those changes will improve the transparency and accountability of organisations dealing with personal information, and that is important if we are to regain public confidence in the handling and sharing of that personal information. The significant expansion of the commissioner's responsibilities has been matched by an increase in the importance and status of his post.

James Brokenshire (Hornchurch) (Con): The Lord Chancellor is talking about the Information Commissioner's enhanced role, and he referred to the statement he made today. Mention has been made of the new statutory code of practice on data sharing, and I note that the statement envisages some overarching governmental authority for the Secretary of State on that. What rights will the Information Commissioner have under these new plans to enforce that new statutory code? As I am sure the right hon. Gentleman will be aware, this concept of data sharing is a sensitive one.

Mr. Straw: The Information Commissioner will have considerable rights, and I shall give the hon. Gentleman the precise answer when I sum up, if I have your permission and that of the House to do so, Madam Deputy Speaker. He rightly says that data sharing is a sensitive issue, but data sharing is necessary and it is not prohibited by the Data Protection Act 1998, nor by subsequent legislation. What is crucial is that if data sharing takes place, it does so in strictly regulated circumstances, so that the data that are shared lawfully are regulated, and severe penalties and procedures are in place to ensure that data are not wrongly shared.

Rob Marris (Wolverhampton, South-West) (Lab): I entirely agree with my right hon. Friend that those protections are extremely necessary, but many of my constituents welcome data sharing because they are sick of being asked for the same information two, three, four or five times. The balance between the protections, on the one hand, and the "ask once, use many times" approach, on the other, is a difficult one to strike.

Mr. Straw: My hon. Friend makes an important point, with which I think the whole House agrees. It illustrates the difficulty inherent in the role of the Information Commissioner—he must balance both sets of interests. Each of us have personal data that we wish to remain personal and to be used only for the purposes for which they were given. At the same time, we do not want to be bothered by having to provide the same data three or four times. In respect of the electoral register, there is provision for the data to be shared, because sharing council tax data and so on will greatly improve the comprehensive nature of the register and its integrity.

Simon Hughes (North Southwark and Bermondsey) (LD): Following on from the intervention made by the hon. Member for Wolverhampton, South-West (Rob Marris), I wonder whether the Secretary of State has addressed the fact that official organisations often ask for information—for example, if one is involved in a telephone exchange with them about some matter—but do not make it clear that supplying it is voluntary, rather than compulsory. Could clear guidelines be given to show that where a Government official or agency of Government asks someone questions, they should indicate that the provision of that information is voluntary—one can give it, but one is at liberty not to do so? An example of such information might be an office phone number or a date of birth, which may not be required for the exchange.

Mr. Straw: I shall certainly follow that up, because it is an area in which the Government must ensure that what happens on the ground reflects the law and practices.

I wish to make two final sets of points. The first is about the way in which this role has moved from being that of Data Protection Registrar, which was a fairly modest role out of the public eye, to that of Information Commissioner, which is a large role in the public eye. The change has been a considerable one. The Information Commissioner is in the media almost every day. Last year, he had to appear before nine Select Committees, which, I believe is more than any Minister has had to do in a year.

Secondly, I am happy to respond to questions about the Information Commissioner's remuneration, but I should just say that the level of remuneration was carefully scrutinised within government and it is not only comparable with, but, in many respects, lower than that for many other posts that bear less responsibility. With those considerations in mind, I commend the motion to the House.

8.54 pm

Nick Herbert (Arundel and South Downs) (Con): I suspect that the Secretary of State for Justice might agree that the timing of this proposal is unfortunate. On a day when the Government have been forced to announce significant future tax rises for working families, the House is considering a significant salary increase for a senior public servant, amounting to a 40 per cent. increase in salary, from £100,000 a year to £140,000. Of course, that will be backdated to last November, which means that for this year we are talking about an 80 per cent. increase. We must therefore consider this motion carefully, especially in view of how the public may regard it.

I suppose that Mr. Thomas will at least be glad that he has escaped the new top rate of income tax band that the Government have announced today. It is true that the additional sums of public money that will have to be found to fund his salary will be a drop in the ocean compared with the £1 trillion of national debt that this country now faces.

I sympathise with the Secretary of State in that we are having to decide a salary increase for a serving official, as opposed to deciding whether an increase for a new occupant of the post, as yet unnamed, would be merited. Nevertheless, that is made easier for us by the fact that the official concerned is of clear stature, and has spoken out with authority and independence on matters of data protection. He can command the confidence of the whole House.

It would have been more helpful to the House if we had had some information about the justification for the increases in advance, although I accept that the Secretary of State has raised the issue with some of us beforehand. His comments about the proposed increase were fair. First, the position is increasingly important, as are the issues involved. We need to ensure that someone who is exceptionally able, and has sound judgment and experience, holds the position of Information Commissioner. As the Secretary of State pointed out, the office holder now also has to be comfortable in the public eye.

Mr. Thomas has certainly demonstrated the independence that the House requires. Only today he publicly confirmed that, despite the Secretary of State for Children and Families stating that he had contacted the Information Commissioner's Office about releasing certain sensitive matters—

Madam Deputy Speaker (Sylvia Heal): Order. I remind the hon. Member, and other hon. Members, that the motion that we are discussing relates to the salary of the said person.

Nick Herbert: Of course, Madam Deputy Speaker. I was just pointing out that one of the justifications for a significant salary rise was that the Information Commissioner has to exercise great judgment and independence and that, only today, he had demonstrated that independence by being willing to say something publicly about a claim made by a Cabinet Minister. That reinforces the need for a person of stature and quality in that position.

The second reason that the Secretary of State for Justice gave for the salary increase was the increase in work load that the Information Commissioner has experienced. The pay is being backdated, but the work load has clearly increased in the year to which the backdating will apply. In his annual report in July, Mr. Thomas pointed out:

> "After such a tumultuous year the ICO is set to grow significantly."

Of course, he has had to deal not least with the serial data losses over which the Government have presided, beginning with the loss of data from Her Majesty's Revenue and Customs last year. Again, that has involved him in difficult decisions and in exercising his judgment about what to say publicly on the matter. That underlines the importance of his independence.

The third point is that given the seniority of the Information Commissioner's position, the increase in salary will not put him out of line with other public sector salaries. Indeed, given his work load and the importance of his position, it could be argued that his salary is low in relation to those of other public officials.

Keith Vaz (Leicester, East) (Lab): Parliament has also added to the burden on the Information Commissioner. The report by the Select Committee on Home Affairs on the surveillance society requested that he produce an annual report to Parliament. That would also justify an increase not just in his salary but in the funding for his office.

Nick Herbert: I agree with the right hon. Gentleman. It is clear that the work load of the Information Commissioner has increased considerably since the incumbent took office.

Bob Spink (Castle Point) (UKIP): Is the hon. Gentleman aware that "the powers that be" have just reduced the chairman of the Electoral Commission proposed pay of £150,000 a year to only £100,000 a year? Does not that give a lead as to what salary should be set in this case? It should not be £140,000 a year but nearer £100,000.

Nick Herbert: I do not think that the two situations are related. Compared with chairman of the Electoral Commission, the Information Commissioner will be working for a different period—for more days in the week, I think, than the current chairman. It is not possible to make the easy read-across that the hon. Gentleman suggests.

I was making the point that given the Information Commissioner's work load and his seniority, he is paid rather less than a number of other senior public officials. We know that 800 local government officials now earn more than £100,000 a year—an increase of 27 per cent. on the previous year. Some 132 council managers are paid more than the annual salary of a Cabinet Minister. It is also true that the Information Commissioner has been in the same salary bracket since 2005-06. I do not think that it is sensible to fix a senior public servant's salary in such a way and to have a particularly large rise to compensate for that fact, rather than making arrangements whereby his salary would increase sensibly in line with other salaries in the public sector year on year.

Finally, it is clear that the Information Commissioner's responsibilities are growing. Today's announcement of additional powers for the Information Commissioner is largely welcome. There are concerns about the proposals for data sharing, which we will no doubt debate on a different day, but they underline the fact that the commissioner, who is responsible for a growing annual budget—it is now £16 million a year—and for 260 staff, will have to deal with those thorny issues. He will face continuing challenges. No doubt he will have more cases of Government data loss with which to contend over the course of the next few months, if the last few are anything to go by. He will have to deal with ensuring data protection in the private sector, too, and with the sensitive matter of data protection issues relating to Members of this House. We hope that he will maintain his firm resistance to the planned communications database.

The Opposition's conclusion is that data issues are no longer peripheral; they are central to public concerns about personal privacy and to good government. Therefore, the Information Commissioner must be rewarded appropriately. We need to ensure that the post has an occupant of stature, quality and integrity. It is vital that that person has those qualities and can maintain the independence that the office demands.

9.4 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I have generally the same analysis of the position as the hon. Member for Arundel and South Downs (Nick Herbert): it is somewhat ironic that, today of all days, we are debating this apparently very significant increase in salary. My initial instinct was to be concerned about the increase. I looked at the figures since we first had an Information Commissioner—a post first created in 2000-01, when the salary was in the £70,000 to £75,000 range. It was still about the same when Elizabeth France finished and Richard Thomas took over. It has gone up gradually. Until today, it has been just about £100,000.

The proposal is that it should go up by £40,000, as the Secretary of State for Justice says. I am persuaded, having looked at the evidence and compared similar jobs in the public service, that that is the right remuneration. I understand that the increase is justified by two arguments, the first of which is that the Information Commissioner has a huge additional workload. The right hon. Member for Leicester, East (Keith Vaz), who is Chairman of the Home Affairs Committee, has just referred to one additional piece of work. The Secretary of State referred to the fact that the Prime Minister asked the commissioner to co-author another investigatory report. The Minister of State, Ministry of Justice, the right hon. Member for North Swindon (Mr. Wills), has today given a written answer that deals with further work in the pipeline, so I am persuaded that plenty of extra work has come and plenty of additional work will be done.

David Taylor (North-West Leicestershire) (Lab/Co-op): Did the hon. Gentleman hear the figures quoted a moment ago by the hon. Member for Arundel and South Downs (Nick Herbert)? I hope that I heard him correctly, and perhaps he will intervene on the hon. Gentleman if I did not. He said that the commissioner was responsible for a budget of £16 million a year. If so, is that not rather out of kilter with, for instance, the Secretary of State for Health, who is responsible for budget of at least £96 billion a year, which is a multiple of 6,000 times that of the data protection and freedom of information commissioner? There is something adrift, is there not?

Simon Hughes: There is a serious point: we do not look at these salaries in the round. The proposal is for one salary for one person for one post; some salaries either come to the whole House or go to a Committee upstairs, and we should look at them comparatively. I take that point. There is an argument that Ministers, who are politicians, might for all sorts of reasons be paid relatively much less than people who are not, but we certainly ought to have the debate.

I also looked at some of the comparisons, as did the hon. Member for Arundel and South Downs. The Library gave me the figures. The chair of the Judicial Appointments Commission gets paid £92,000 for a three-day week.

[Simon Hughes]

The chair of the Office for Legal Complaints gets £70,000 for 80 days a year. The Children's Commissioner gets £175,000 a year—considerably more than the Information Commissioner's salary will be after today.

The other argument in favour is that I understand that Richard Thomas is due to retire next year and therefore this will be the salary advertised for his successor, and a good range of applicants is needed for the job.

However, I have not heard the Secretary of State for Justice deal with the one thing that is an oddity about the motion. The salary increase will be backdated to the end of November last year, and that seems a very odd thing for us to do. We should determine the salary either in advance or when it comes up for change. I should be grateful for an explanation of why, all but 12 months later, we will backdate it all that way. That seems to be less justifiable.

I join the absolute, clear support for Mr. Richard Thomas as Information Commissioner given by the hon. Member for Arundel and South Downs and on behalf of the Government. Mr. Thomas has done an unarguably good, competent and robust job. The reason why I am happy to speak in support of the commissioner being allowed to do his job better, if that is the outcome—and I have a request for one bit of his work to be improved if he is going to get all this extra money—is that he has done some good things in his term of office. He was clear that there should be criminal sanctions, including jail, for people who breach data privacy laws. As one of the people in the House who was affected by that, I was glad that he took that robust attitude, because one case ended up with some people being sent to prison. We need clear sanctions for people who break the law for gain and sell data that they are not authorised to have in the first place.

The Parliamentary Secretary to the Treasury (Mr. Nicholas Brown): Hear, hear.

Simon Hughes: I am grateful to the Chief Whip for that. The sanctions are not just for politicians. They are much more important for non-politicians—members of the public—who cannot defend themselves in places such as this.

I am pleased that the commissioner robustly supported my hon. Friend the Member for North Norfolk (Norman Lamb) in ensuring that details of the people who came to Downing street to discuss official business were revealed. It is important that that should be in the public domain and not a secret. I am very pleased that the commissioner was robust about the fact that local electoral officers should be banned from selling copies of the electoral register to marketing companies. That is not why people give their electoral information and it should not be used as a surrogate for a commercial operation.

I am also pleased that the commissioner was very robust this summer about the folly of the Government super-database. In his annual report, he said that that would be

"a step too far for the British way of life".

The figures are incredible. Given that more than 57 billion text messages are sent in this country every year, the concept of the database is almost impossible to imagine. The commissioner was clear that we should not walk into it blindfold and warned us robustly in July about that. He asked that Parliament scrutinise the Home Secretary's proposals clearly. I am glad that she is withdrawing, as I understand it, from her proposal to bring a Bill before us in the next Session and that she will consult further.

The one critical thing that I want to say—I hope the commissioner's new salary will allow him to do this—is about the need for him to deal with the backlog of cases much more effectively. Colleagues should be seriously worried about the backlog. In his annual—

Madam Deputy Speaker: Order. The hon. Gentleman should not stray too far into that. I remind him that the motion before the House is the salary of commissioner.

Simon Hughes: I am mindful of that and I am ensuring that I tie the salary that the commissioner will get if we vote it through to the fact that we expect a delivery in this respect.

Bob Spink: I am interested to learn why increasing the salary by 40 per cent. will enable the commissioner to do his job differently or better. Is the hon. Gentleman suggesting that he is currently delinquent in the way in which he delivers on his responsibilities and duties?

Simon Hughes: No I am not, but I am hoping that because his office and his salary are being debated in the House of Commons, the commissioner will understand that one of the consequences of a pay rise backdated by 12 months is that he must deal with the one fundamental weakness of his office, which is the backlog of work.

I am told that in the last year the commissioner had nearly 25,000 inquiries and complaints, and that he prosecuted 11 individuals and organisations and received just over 2,500 freedom of information complaints and closed about the same number. However, although 30 per cent. of the decisions were in favour of the complainant and 25 per cent. upheld public authorities' original decisions, only 13 per cent. of valid cases were closed within 365 days. As he is to be given a vote of confidence by the House, I hope that those figures will give him cause to reflect on whether he should insist on the resources to support him. Those resources would come from the Government, and I hope that the Secretary of State will respond to that.

Colleagues, including my persistent hon. Friend the Member for Lewes (Norman Baker), tell me that there are regularly delays of one year, two years, or two and a half years. I know that in the past year, one case took 32 months from complaint to decision; that is reported in the annual report. Other cases took 30, 27 and 26 months. Only six of the 20 cases in which a start date was identified were dealt with in less than 12 months, and the average time was almost 19 months. May I ask for an assurance, through the Secretary of State, that we will have a much speedier answer to complaints?

We are talking about a really important job. It is important that there is a robust, independent person making sure that the Government are accountable, and that the private sector is made accountable, as the hon. Member for Wolverhampton, South-West (Rob Marris) said. The Information Commissioner has not yet been able to include the private sector in his remit. For example, Network Rail is not yet included; for most people it is a public authority, but it is technically private, and therefore outwith his remit. We really do need answers quickly, because answers much delayed are often not much use. The debate and the justification move on, and so the relevance moves on. I hope that the Secretary of State can assure us that if the commissioner gets this large salary increase for an important job, we will have a much quicker turnaround of complaints from now on.

9.16 pm

Rob Marris (Wolverhampton, South-West) (Lab): I may have missed something when the Secretary of State and Lord Chancellor opened the debate; perhaps he could remind the House on a point. It seems pretty odd for this House to be debating the salary of an individual, whatever their status—civil servant, head of a non-departmental body or whatever. The remuneration is very large, particularly for an office based in Cheshire. It is not based in London, although the Information Commissioner may work there; I do not know. However, the office is in Wilmslow. There is also one in Northern Ireland and one elsewhere.

I do not resile at all from what the Front Benchers of both main parties said about the motivation for the pay increase—the increase in work load and responsibilities. However, as a trade unionist, it strikes me as questionable, but not necessarily wrong, not to re-advertise a job when it changes so fundamentally. It may well be that if the post were re-advertised as a bigger job with a bigger salary, the current incumbent would walk the process and get the job. From the accolades given to him tonight, it seems that that might well be the case. However, the job is changing so fundamentally as to attract a 40 per cent. pay increase, and there is to be a big increase in work load. In the 2004 annual report, the body was described as a small office; we are now told that it has 260 staff. There has been an increase in responsibilities, and the Lord Chancellor's written statement today announces an intention to increase still further those responsibilities. Given that, I wonder why, instead of us simply increasing the salary through this motion, the post is not re-advertised as a bigger job for which the current incumbent, Mr. Thomas, could apply.

Bob Spink: Is the hon. Gentleman concerned, as I am, that no evidence has been put forward to justify the 40 per cent. increase to £140,000? The Hay Group and other firms provide salary comparison and evaluation services, but we see no evidence that there has been any job evaluation or weighting of the salary through comparison with salaries for similar jobs. Surely the Government should have provided such evidence for the House.

Rob Marris: I am sure that the Lord Chancellor would be able to supply that kind of information; it seems pretty inconceivable that there would be a motion for a 40 per cent. increase in pay without that kind of backroom work having been done. On the way in which the job has expanded, to follow on from my earlier intervention on the Lord Chancellor, there is arguably a bit of a conflict of interest between the job done by someone who is supposed to back freedom of information and the job done by a data protection registrar, who is, in a sense, against freedom of information. The first—the data protection side—is to do with guarding information and making sure that it is released only as and when needed. However, the Information Commissioner's role involves a certain bias towards releasing information, so that we can have transparency in public life and proper scrutiny of the workings of Government—and in due course, one would hope, the private sector, too. There is perhaps a bit of a conflict of interest there.

If the Lord Chancellor is allowed to address us again before the motion is put to the House, I hope that we will have a little more information on the size of the operation—the number of staff and the budget—run by the Information Commissioner. The hon. Member for Arundel and South Downs (Nick Herbert) reported that the Information Commissioner had 260 staff and a budget of £16 million a year, which is not peanuts. But, as my hon. Friend the Member for North-West Leicestershire (David Taylor) said in an earlier intervention, when one compares the job with that of Secretary of State for Health, £140,000 is quite a lot of money for the Information Commissioner's role. To me, 260 staff does not sound like a huge operation, so it would be helpful to have some background information about the work load, the number of staff and the size of the operation, because we need to put the terms of the motion before us—£140,000 for the Information Commissioner—in a broader context. What lies behind the debate is a notion that, to my great regret, has declined in the past 30 or 40 years in this country: the notion of public service.

We, as politicians, all cop for it. We wish to serve the society in which we live, we value public service, and quite a number of us, including myself, have taken a pay cut to come here because we believe in public service. Of course we have the constant comparators with the private sector. Chief executives of local authorities are on between £150,000 and £200,000-plus a year. They have big budgets, they do responsible and hard jobs, and I take my hat off to them, but I still cherish the notion of public service. If we constantly make comparisons with the private sector, as I suspect we have done with this motion that calls for £140,000 for the Information Commissioner, we do a disservice not only to ourselves as politicians, but, more importantly, to the public whom we seek to serve, because I, for one, very much wish to revive the notion of public service in our society.

Simon Hughes: The hon. Gentleman started off by making a perfectly reasonable point about trade unions, but does he agree that if we seek to evaluate public service jobs such as that of local authority chief executive, a performance-related element should be considered, just as it is in the private sector? One thing that worries me is that last year, a target was set for 80 per cent. of complaints to be dealt with within a year, but, in the current report, the target is down to a smaller percentage. The objectives—the outcomes—seem to be less customer-oriented, yet the salary under discussion will go up significantly.

Rob Marris: The Lord Chancellor may be able to comment, but I cannot, because, to be fair to the Information Commissioner, the target partly depends on the resources that are available to him in his operations. If he has 260 staff, but to reach the targets, he needs, let us say, 360 staff, either he does not meet the targets—

Madam Deputy Speaker: Order. Could I once again remind Members that the motion before the House is about the salary of the Information Commissioner?

Rob Marris: Indeed, Madam Deputy Speaker, but if I may say so, the salary set down in the motion should partly reflect the current postholder's performance, which is presumably the motivation for increasing it by 40 per cent. As I was saying, however, it is a shame that the notion of public service has declined so much that we have such comparators with the private sector all the time.

Finally, on performance, the issue on which the hon. Member for North Southwark and Bermondsey (Simon Hughes) just intervened, before I came to this House seven and a half years ago, I was a solicitor, and seven and a half years ago and more, the big law firms were getting out of performance-related pay, because they found that it did not work. I want people to be accountable, particularly in the public sector, when they earn that kind of money—or will do if the motion is agreed to. I want them to be accountable, but I want that notion of public service, and one cannot simply measure it in commercial terms, because the ethos of public service is different and so important.

David Taylor: Will my hon. Friend give way?

Rob Marris: No, I am finishing now.

9.23 pm

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I believe that the Freedom of Information Act 2000 was one of the great glories of this Labour Government. When people come to look over the history of new Labour, they will hold that the pledge given on freedom of information, and the Act that was written and came into force, was one of the great accomplishments of the bright, early days of new Labour.

The hon. Member for North Southwark and Bermondsey (Simon Hughes) cited the very great importance of the Information Commissioner, and the Act itself is a double-edged sword. It is an uncomfortable thing for Governments from time to time, as the hon. Gentleman said, and it has been of great use to newspapers, as people feared when the Act was passed, and to the general public, in understanding and exposing some of the curiosities of public life.

However, has the commissioner done his job as successfully as he might? I ask that because I am meeting the stricture that you insisted on, Madam Deputy Speaker—we must be clear that this debate is about the salary of an individual. Although the salary of £120,000 does not look great—

Simon Hughes: The salary is £140,000.

Mr. Shepherd: Thank you. Although the salary of £140,000 does not look great in comparison with those of local authority chief executives, BBC executives and so on, we have to pursue the question raised by the hon. Members for North Southwark and Bermondsey and for Wolverhampton, South-West (Rob Marris).

What has happened? There is a serious problem—the problem of delays. Is that the responsibility of someone whom I have always regarded as a fine public servant with a fine sense of public ethos? The statistics tickled out by the hon. Member for North Southwark and Bermondsey are important. They are sourced from the Campaign for Freedom of Information, its remarkable director Maurice Frankel and all those who have supported it; I see supporters of the campaign in the Chamber this evening.

Although the Information Commissioner's Office's published statistics state that more than 50 per cent. of all freedom of information complaints are dealt with within 30 days, that figure technically includes invalid complaints that are closed without investigation. Such complaints might involve a requester who has, for example, complained to the Information Commissioner without first asking the public authority to reconsider its original decision—a requirement under the 2000 Act. Alternatively, the person may have complained about bodies, such as private companies, that are not subject to the 2000 Act at all. Apart from invalid cases, only 13 per cent. of cases received during 2007-08 were closed within a year. The figure is extracted from the 2007-08 annual report of the Information Commissioner; page 21 lays it out clearly.

A snapshot of the problem can be seen from the brief analysis that the Campaign for Freedom of Information carried out of decision notices published by the Information Commissioner during September 2008. Of those, 20 specifically identified the date on which the requester complained to the Information Commissioner's Office. As we have been told, in the longest decision there were 32 months between the date on which the requester complained to the Information Commissioner and the date on which the decision was issued. The next longest took 30 months, the third longest took nearly 27 months and the fourth and fifth longest decisions took 26 months. Only six of the 20 cases were dealt with in less than 12 months.

The fastest of the investigations published in September took six months, and the next fastest took six months, seven months, eight months and 10 months respectively. The average time taken to investigate the 20 complaints was almost 19 months. The Information Commissioner's Office received some additional funding from the Ministry of Justice earlier this year, and at the same time arrangements were made to second central Government staff to the Information Commissioner's Office. However, it is not clear whether that will result in a significant reduction in delays.

In 2007, the Information Commissioner's Office's objective was to deal with 80 per cent. of freedom of information complaints within 365 days, indicating that it expected to take more than a year in 20 per cent. of cases. However, according to the Information Commissioner's Office's corporate plan for 2008 to 2011, that target has been reduced; the current target is to deal with 70 per cent. of FOI complaints within a year. The new target therefore assumes that 30 per cent. of complaints will now take more than a year.

Rob Marris: Does the hon. Gentleman deduce from those statistics that the Information Commissioner should be paid more, that there should be more staff in his office, or both?

Mr. Shepherd: The hon. Gentleman has an irritating habit of asking out of the air questions that are clearly part of the drift of the argument that one is making. Although that gives him a high score in the *Hansard* reports of how many interventions he has made, we will get to where I was going anyway.

Rob Marris: The hon. Gentleman should not be so peevish.

Mr. Shepherd: I have listened to the hon. Gentleman for a long time and watched his technique, and it rolls over this House. However, there is a serious and substantive issue to discuss.

We understand that the commissioner's office is now fast-tracking some of the cases that it identifies as being of particular significance so that new complaints do not all automatically go to the back of the queue. That is useful development. Nevertheless, the delays are a major concern and a threat to the effective operation of the FOI Act. By the time that the information is disclosed, if that is what the commissioner requires, it may be too late for it to be of use to the requester, who may also have become disillusioned with the Act during the process and reluctant to make further requests. At the same time, some authorities may decide to exploit the long delays, calculating that even a plainly unjustified refusal may go uncorrected for a prolonged period.

The problem is at least partly attributable to the level of funding provided to the commissioner's office, although efficiency gains may be possible. The whole office has been underfunded, and it has not had the resources honourably intended by the Government. I know that every section of this House cries out for yet more money. We have all heard, even today, about the genuine constraints that exist within expanding, very desirable offices. However, when I look across the west midlands and see what the chief executive of Walsall metropolitan borough council is paid, I think of a very significant public figure, who has been of service to this House and the country, who has met the criteria set by the hon. Member for Wolverhampton, South-West, and who is fully justified in receiving £140,000. It is a remarkable comment on where this country has arrived at that BBC executives can earn three or four times what the Prime Minister earns. We now have a system whereby the political people who are held accountable by this House and by an electorate at election time are paid significantly less than people who are doing jobs such as chief executive of a local authority or town clerk and who, when I was a boy, earned something immediately comparable with what a Member of Parliament received, or a little more.

I believe that Richard Thomas is a significant public servant. He is retiring at the end of next year, having come into office around 2000. He has had a monumental job to do, and he has accomplished much. I would like him to have been able to accomplish much more, as, I am sure, would many Members of Parliament. However, within the constraints with which we have operated, he has been a fine public servant, and I do not begrudge him the amount of money that the Government have sought through an Order of this House.

9.33 pm

Bob Spink (Castle Point) (UKIP): I cast no aspersions whatever on the Information Commissioner's performance or integrity—I am sure that he is an honourable man who does an excellent job. However, given the economic background at the moment, particularly today, I am surprised by the mood of the House. I know that it is very easy to give away public money, but how much money is being given away as result of this decision?

I am particularly concerned about the backdating by one year of this pay award to someone who is retiring in a year's time. My constituents will say to me, "Is this jobs for the boys?", and "Are you rewarding your friends?" People will rightly raise those concerns. Over a four-year period, with the one-year backdating, we are talking about £250,000 of additional public money being given for a job that is not, in essence, changing. This public servant may deserve that amount, but many public servants who work diligently in very important jobs would want that sort of pay increase. I wonder how the Government, and particularly the Secretary of State, will respond to teachers, firemen and police officers who are told that they have to live with a low, constrained pay rise next year when their turn comes round. Those people might raise the issue of a 40 per cent. pay rise, backdated one year, for this individual who is already reasonably highly paid compared with many other important public servants.

We must not set a precedent. I do not want to be churlish or upset the mood of the House, but I am concerned about this matter, and the case of other individuals, such as the chairman of the Electoral Commission, whose proposed salary was reduced from £152,000 to £100,000 following the amendment in the names of the hon. Member for North-West Leicestershire (David Taylor) and myself last week. The House should consider such matters carefully, and I am not sure that we have.

9.35 pm

Mr. Straw: With the leave of the House, I shall respond to the points made. First, on the level of the salary, my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) asked why we were debating the salary of one individual. We are doing so because of a statutory provision. When the Freedom of Information Bill was going through the House, the House was anxious, as were the Government, that this individual should be an officer of Parliament, not a creature of the Government. Although there has to be a strong relationship between the Information Commissioner and the so-called sponsoring Department, which is mine, the salary and much else is set by the House. There may be better ways of setting the salary in future. All I say is that if other salaries were set in this way, including those in the BBC, we would not see the most ludicrous salaries paid on the most ludicrous non-justifications. The chief executive of the BBC is paid an astonishing £800,000 on the grounds that it is the market rate—a market that is set entirely by the BBC.

Simon Hughes: I understand why we are dealing with the measure here. Will the Secretary of State arrange for the list of all those whose salaries Parliament sets to be put in the Library as soon as is practical, showing the current post holders and their salaries?

Mr. Straw: Yes, I can do that.

For the benefit of the House, it was proposed that the salary of the chair of the Electoral Commission—this has been accepted by Jenny Watson, the candidate who was selected by the Speaker's Panel—be reduced from the £150,000 advertised by the House to £100,000. That amount is for a three-day week. On a pro rata basis, she would be paid £166,000 for a five-day week, which is

[Mr. Straw]

more than the salary of the Information Commissioner, notwithstanding the fact that we are talking about an executive position that combines the posts of chairman and chief executive, as it is a corporation sole. The Electoral Commission post is that of chairman only.

Bob Spink: The right hon. Gentleman may not be aware that there is an amendment to reduce that £100,000 to the level of an MP's salary.

Mr. Straw: That is a matter for this House, but I was speaking ad referendum, and merely making the point that the salary of £100,000 has the approbation of the all-party Speaker's Panel; it is a comparable point.

I accept what my hon. Friend the Member for Wolverhampton, South-West said about the importance of public service. A sentiment is shared among the parties that that idea has got slightly out of kilter, and we need to readjust it. It is striking that in the United States, the salaries of public officials are typically lower than they are here, including those of the judiciary. People simply accept that if they are going to be public servants, they will get less. They may be able to make up the difference later on.

A point was made about the nature of the functions. The operation costs £16 million a year for 250 staff. I say with respect to those who raised the matter that that is not comparable to a large executive, administrative operation. It involves quasi-judicial functions, and the amount paid to the Information Commissioner is significantly less than, for example, that paid to a Court of Appeal judge, who has no administrative functions or Department behind him. One expects to have to pay for the high quality, integrity and independence necessary to make judicial decisions.

I was asked about the availability of resources and backlog. We are conscious of the backlogs, the responsibility for which is not by any means to be laid principally at the Information Commissioner's door. Such backlogs are partly inherent in the process, which Parliament established. Public authorities, including Departments and the House, are tardy with responses to requests from the Information Commissioner. The Minister of State, Ministry of Justice, my right hon. Friend the Member for North Swindon (Mr. Wills), who has been leading on the matter in the Department with the Information Commissioner, has taken many steps to improve the resources available to the Information Commissioner, including through secondments from the Government to his office.

Andrew Miller (Ellesmere Port and Neston) (Lab): Apropos the resources that have been given to the Information Commissioner, much of his hidden work is chasing facts about some of the data protection cases that he has to undertake. There is much information that he fails to get. For example, the Royal Bank of Scotland has refused him some information. Should not we ensure that we give him the tools as well as the salary to do the job?

Mr. Straw: The commissioner has made no request for further powers. He has the tools to do the job as well as significant enforcement powers. Funding arrangements for data protection are different—it is self-funded from fees, and we propose to change from the £35 flat-rate fee to a tiered fee, which takes account of the size of the data holders.

My original proposal nine years ago was that a significant part of the Information Commissioner's funding should come from a modest fee for each information request. That was not followed through in 2001-02 and, when the Government suggested it more recently, it was met with a loud raspberry.

Simon Hughes: The hon. Member for Aldridge-Brownhills (Mr. Shepherd) said that the Government should be proud of creating the structure. However, does the Secretary of State accept that long delays often obviate the benefit of the whole system? Producing a draft dossier about weapons of mass destruction five years later is not nearly as useful as producing it a year later.

Mr. Straw: That was not principally the Information Commissioner's responsibility.

The hon. Member for Hornchurch (James Brokenshire) asked about enforcement of the new data-sharing code of practice. It will be a statutory code, subject to scrutiny by Parliament. It will be admissible in legal proceedings and taken into account by the courts and the information tribunal in determining relevant questions such as compliance with data protection principles.

The last point to which I need to respond is the reason for dealing with the matter now, when it dates back to November 2007. The Government are not perfect and I am not perfect. In a more perfect world, the matter would have been tackled earlier, but I am glad that the proposal has the approbation of the three main parties if not that of the whole House.

Question put and agreed to.

Resolved,

That, in respect of service from 30th November 2007, the salary of the Information Commissioner shall be at a yearly rate of £140,000.

ADMINISTRATION

Ordered,

That Pete Wishart be discharged from the Administration Committee and John Mason be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

SCOTTISH AFFAIRS

Ordered,

That Mr Angus MacNeil be discharged from the Scottish Affairs Committee and Pete Wishart be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

INTELLIGENCE AND SECURITY

Resolved,

That this House agrees with the recommendation to the Prime Minister that Sir Alan Beith be discharged from the Intelligence and Security Committee and Sir Menzies Campbell be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

Care Farming

Motion made, and Question proposed, That this House do now adjourn.—*[Mark Tami.]*

9.44 pm

Mr. Mark Todd (South Derbyshire) (Lab): I chose this subject because of Highfields farm in my constituency near Etwall. I have known Roger and Beryl Hosking, who run Highfields farm, virtually since I became a Member. The farm produces eggs from around 20,000 free-range birds. However, Roger and Beryl also use their farm to care for young people who have struggled with orthodox education or who have found it hard to stay on the rails.

At various times, Roger and Beryl have offered places both to the local education authority—up to 30 young people a week—and to the youth offending service, giving participants a unique setting in which to learn basic work skills, team working, respect for others and, critically, respect for themselves. Some of those who have passed through the farm have returned as workers, and no offenders who have been there have reoffended.

It is a moving experience to visit Highfields. There is a strong faith element to Roger's commitment to his task and a great deal of love for young people towards whom many people are perhaps not so affectionate. What Roger is doing—running an egg farm, handling delicate objects and teaching youngsters who perhaps do not have the most natural grasp of delicate things to take care, to respect and listen to others and then gradually to build up their self-discipline—is a marvellous thing to see.

Highfields is admirable, but why should it be of interest to the House? Highfields farm is part of a wider movement, although "movement" is probably a bit of an overstatement. For a start, many people do not recognise the term "care farm" and would not say that they were involved in one. However, care farms are extraordinarily diverse and there is no common model. I will touch on some of the implications of that later in my speech.

I want to draw on the research conducted by the university of Essex, funded by Natural England and completed at the start of this year. Around 80 farms in the UK were identified in that study as being run at least in part for social purposes, and 19 of them are city farms, which tend to be fairly small scale. The rest are either independently owned, such as Highfields, or are charities. Care farms vary hugely in scale and type, from smallholdings to quite large ventures, and run across the full range of agricultural activity. As I have mentioned, Highfields is an egg farm, but all varieties of farming activity are to be found in the endeavour.

Most care farms offer basic skills development aimed at a mix of client groups. Around half offer places to troubled young people who might have had problems with the law, another half—these categories overlap, because places are offered to various groups—offer places to those with mental health problems, and more than 80 per cent. cater at one stage or another for those with learning difficulties.

Referrals come from a wide variety of sources, including Connexions, youth offending teams, local education authorities—mainly Derby city council in Roger and Beryl's case—and pupil referral units, to which children who have for various reasons been removed from mainstream education have gone. All those sources have seen a care farm as an appropriate alternative setting.

The university of Essex study was rather good at identifying some of the measurable changes within at least a subset of those using care farms. The main outcomes were greater self-esteem, stronger social skills for younger people and the formation of a work habit, as many of them had not been used to turning up regularly and working through a day. Another outcome was an increased trust of other young people and adults. Analysis of the clients of seven care farms in the Essex study showed dramatic improvements in self-esteem and vigour, because those outdoor activities involve young people taking part in physical activity. There were also reductions in anger, confusion and frustration. The academics who completed the study conceded that they would need a larger base to establish a proper scientific base, but the study and the anecdotal evidence that I have gained from my visits to Highfields persuaded me that such care in a farm setting can offer tremendous gains to particular young people.

The—as yet small—UK experience can be compared with far larger initiatives in continental Europe. There are more than 800 care farms in the Netherlands, 500 in Norway and 350 in Italy. In the Netherlands, the sector has a formal support structure, with a clear integration of farm-based care with other state and voluntary provision. In 2005, care farms in the Netherlands had 10,000 clients. Those visits were driven partly by the provision of personal care budgets that allow clients to choose a farm setting for their care. In Norway, an interdepartmental committee covering the various Ministries involved co-ordinating the work of the wide variety of Government agencies that use care farming.

In comparison, there has been accidental growth of the sector in the UK, which has been driven by the strong individual motivations of particular farm owners. They believe, either for social or religious reasons, as in the case at Highfields, that they owe something to a group of young people, and that a farm setting can deliver a benefit to them better than anywhere else. Although there is a generalised awareness that the use of open spaces is therapeutic both mentally and physically, there has been no link to a formal strategy. Neither has there been any recognition of the value of care farming within a wider agricultural diversification agenda.

So what do we need? First, as is clear from the Essex study, we need more research on the value and scale of care farming in the UK. Secondly, we need explicit recognition of care farming options in agricultural policy, including access to relevant funding for classrooms and adaptations, for example. I know from my dealings with Highfields that it was immensely challenging to raise resources to provide for education and social meeting areas at the farm and, critically, for adapting the sheds into an appropriate model for a modern egg farm. I would encourage my right hon. Friend the Minister to read that section of the Essex university report about Highfields farm and the immense strain that was placed on the owners when buildings from a certain period were condemned and they thought that what they had invested their lives in would be taken away. They got

[Mr. Mark Todd]

through that, but not through the aid of any Government agency; they got through it by their individual efforts at fundraising and support.

We need a clearer identification of this as an area of diversification where support can be provided. Elsewhere in South Derbyshire additional funding has been provided for turning a collection of barns into small business units for industrial purposes, for example. That is very welcome; I am delighted to see resources used in that way, but I believe that it is equally appropriate to support initiatives that will provide an educational or care focus in a rural environment.

The third aspect of what I wish for is collaboration between the Government Departments focused on youth policy to define how care farming can be facilitated as a youth resource. I managed to get a Home Office Minister to visit Highfields farm some time ago and my right hon. Friend's predecessor visited the farm fairly recently. If she had had a chance to have a word with my noble Friend Lord Rooker, she would have had some insight into what he thought of the place.

I have spotted that such facilities fall into the classic difficulty in British policy terms of sliding between various silos. It is a farm, so it is the responsibility in some sense of my right hon. Friend who is answering this debate, but the services provided on the farm are educational, which means that they are the responsibility of another Government Department. In respect of caring for young people who have been offenders, it is the responsibility of yet a third Department. One could easily find arguments for saying that other agencies that are the responsibility of other Government Departments might also be engaged in care farms.

What is required is a focus on those who are beneficiaries of care farms rather than on the individual streams of Government thinking that might touch on various parts of the farm. The critical group of beneficiaries are young people who are disadvantaged in various ways and who have faced adversity; some of that may have been self-imposed but, in other cases, it may have been imposed upon them. If we can focus on that group and put in place the mechanisms necessary to support them through the valuable experience they will get from a care-farming provision, that is my goal. Such collaboration is necessary.

Fourthly, there is a need for assistance with regulatory burdens. I mentioned the difficulties Highfields had experienced in raising funds to deal with the sheds that were condemned in the early part of this decade. When I saw Roger on Friday, he told me that he had needed assistance to fill in some forms to apply for assistance on one of the educational activities that he was involved in. The difficulty is that the focus of many of these enterprises is not bureaucracy or compliance with Government expectations. Instead, we are often dealing with small enterprises whose people are motivated by very different things. It is helpful to have people who are willing to assist with getting through some of the hurdles of compliance that Governments, perfectly understandably, place in their way. A recognition of the wider therapeutic benefits of care farming in dealing with a range of conditions would also be welcome.

I feel strongly about the need for a rational approach to the risk involved in operating on a farm. Farms can be dangerous places—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

Mr. Todd: I had not realised that it was now 10 pm, Mr. Speaker.

As I was saying, farms can be dangerous places. We all accept that. There are still too many accidents on farms. However, I think that depriving young people of the experience of practical work in a rural environment is an overreaction. It would be helpful if some of the agencies involved were helped to understand the opportunities that are available, as well as the limited risks that exist in a properly supervised environment.

Some useful work has been done by the Mercia constabulary and probation service, showing some of the cost savings that care farms can make by reducing reoffending. As I said at the outset, none of the young offenders placed at Highfields farm have reoffended. Although I accept that that cannot be the outcome in 100 per cent. of cases, surely it will be marvellous if the same dramatic reduction in criminal activity among a group of young people can be replicated. We need to do further research and carry out tests. I suspect that some young people respond better than others to such opportunities, but research on how the model works for a mixed group of young people will require additional support.

Probation and youth offender services need to be encouraged to consider care farming contractors. We have recently been rethinking the legislative arrangements for contracting to facilitate the use of private and voluntary sector contractors in lieu of direct provision by the state, and care farms provide exactly that model. At the time of the passage of that legislation, I raised the possible implications for smaller suppliers such as Highfields. Regrettably, that farm seems recently to have vanished from the horizon of the relevant probation and youth offender services, which appear not to have been able to find the capacity to continue contracts that have proved fairly successful in the past. That may be related to other factors, but it worried me that the changing framework for contracting for those who provide such services might militate against the smaller specialist provider, and that is what appears to have happened.

Finally, we need to devise funding models that are suitable for a diverse range of providers who currently struggle individually to locate both clients and capital resources for periodic improvements, but that can be combined with the commercial activity involved in running a farm. Again, Highfields is a good example. I have suggested to Roger on a number of occasions that it should be run as a charity, but he says that the difficulty is that it is a commercial egg farm. "It sells eggs," he says. "We want to maintain it as a business." The difficulty lies in the lack of access to funding streams as a consequence of that strong element of commercial activity. I would defend it, however. The practical working environment of a business—as opposed to an entirely supported entity such as a charity whose only purpose is to care for young people in the countryside—is valuable in itself. It gets across the message that this is working to produce something that will be sold and that people will earn a living from. That is a valuable part of the experience these young people will have. Assistance in understanding the complexity of running a care farm that has continuing economic activity within it, which must be commercial, is an important requirement.

I hope that my right hon. Friend will reflect on what I have said and the opportunities that exist not only for farmers looking for alternative sources of income and alternative activities in the countryside—although care farming does offer an approach to farm diversification—but, crucially, for young people. When there is a need to care for a young person better, give them a better future and correct some of the things that have gone wrong in their lives, the setting of an agricultural environment achieves better outcomes. That has been established by academic research, and it now needs to be entrenched and given greater resource and support by Government agencies. I look forward to hearing my right hon. Friend's response.

10.6 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): I congratulate my hon. Friend the Member for South Derbyshire (Mr. Todd) on securing this debate. I have opened an Adjournment debate speech with that phrase many times over my past 11 years as a Minister, but I genuinely mean it on this occasion. My hon. Friend may not know that I started my professional career as a child care worker, working with young people in an assessment centre. Although all the young people I worked with have now grown up, I can imagine that many of them would have benefited from the kinds of work that care farms do. He is right to say that our mutual friend Lord Rooker visited the care farm; it is called Highfields Happy Hens. It is obviously an inspirational place, and I know that Lord Rooker found it an enjoyable place to visit as well.

There are many benefits to care farming, and the benefits to the individuals referred to them are apparent. They include improvements in general health, welfare, self-esteem and behaviour, as well as the benefits of structured routine, helping people with a huge variety of problems and issues to function effectively in their daily lives and to contribute to society. I can believe it when some of the individuals who have benefited from care farming have said that the experience has literally changed their lives.

I know that these benefits have also been proved by academic research. This is a classic example of something that has been said informally for many years—in this case about the benefits of country living and activities—being proved to be true. In this instance, it has been proved in a unique, positive and direct way. The therapeutic effects of caring for animals and direct contact with growing activities have been recognised for a long time, although care farming is a novel and exciting method of putting these theories into practice.

One of DEFRA's key goals is to support farmers in building a profitable, innovative and competitive industry that meets consumers' needs. Our social goals include working to support farming's wider contribution to the long-term sustainability of rural economies and communities and to public health. Care farming takes the notion of meeting consumer needs to a new level. Care farming contributes to both of these important goals I have outlined. It has the capacity to contribute to the health of the farming industry as well as to the health of the individual.

Part of developing a thriving, competitive farming sector is being imaginative in the use of resources that the farm and the landscape have to offer. I am talking in particular about the benefits of diversification. Diversification can increase farmers' incomes, and expand the farm business base to be more viable and sustainable, and 50 per cent. of farms in England already have diversified activity. Diversification is not the answer for everyone, and a farm business's capacity for diversification depends on a range of issues, not least the location of the farm and the skills of the farmer. Likewise, care farming is not going to be an option for every farm, but it is the kind of creative solution to add to the repertoire of alternatives that farmers can consider to maximise their business opportunities and support the overall viability of the farming business.

Farm diversification can also benefit the wider rural economy, contributing to other businesses and providing local jobs. The study by Essex university to which my hon. Friend referred found that care farms in the UK employed a total of 657 full-time and part-time staff, as well as providing many additional volunteering opportunities. Many of those jobs are likely to be local, supporting the rural economy, and volunteering opportunities offer people the chance to increase their skills and participate more fully in the community.

There are also many benefits to farms and the rural community beyond the economic ones. A key problem for farmers is isolation. Farmers are often sole traders, only occasionally hiring in labour, and with families working off-farm they can find themselves working alone, in difficult conditions, for extended periods, without the support of colleagues and family that people in other jobs and businesses take for granted. Because of that, farmers often find themselves suffering from loneliness and depression, and isolated from their local communities. Having other people working alongside them on the farm, be they other members of support staff or the care farming beneficiaries, can help enormously to alleviate such problems. Farmers involved in care farming schemes must feel an added sense of personal satisfaction and achievement when beneficiaries blossom in their care and eventually develop the skills and confidence to move on and to build a new life for themselves, encouraged by their on-farm experiences.

It is clearly not only the intended beneficiaries of care farming who can reap the rewards of participation in this initiative. Care farming even helps to contribute to the wider awareness of the role of farming and its contribution to the countryside. A key issue identified by the Curry report in 2002 was that consumers as a whole had become "disconnected" from their food and where it came from, and had little appreciation of the role of farming. Since then, the Department and the industry have been encouraging farmers to try to reconnect themselves with the market and their consumers. That can take many forms, such as direct selling through farm shops and farmers' markets.

In addition, DEFRA, through its environmental stewardship schemes, along with other organisations such as Linking Environment and Farming—LEAF—has

[Jane Kennedy]

been encouraging farmers to open up their farms to the public, to encourage a greater understanding of farming. Another example of that, other than care farms, is open farm Sunday, which has been running for three years. Last year, more than 400 farmers opened their doors to more than 150,000 members of the public, educating them about farming and food. My hon. Friend might think that I have wandered a little from the issue of care farming, but there was a point to my previous comment, because like those initiatives, care farming educates its participants about the purpose and value of farming, by involving them directly in the work activities of farms so that they can appreciate the importance of the role, and, in addition, gain pride and self-esteem from their participation. It also restores pride in the farmers providing the service. It increases, yet again, the value we are obtaining from our farms and the land, and it opens up the eyes of the community to the kind of valuable contribution that farming, as an industry, can make to wider society.

It is good to see the concept of care farming spreading in England, although we have a long way to go in its implementation to catch up with some of our European neighbours. Debates such as this will usefully serve to raise awareness of the existence of care farming and the benefits it brings. However, it will be down to individual deliverers of health and social care, education and ex-offender rehabilitation, whether they wish to spend their funding in this way and incorporate such an initiative in their portfolios of health and welfare support activities. It is also very much an individual business and personal decision for farmers whether this kind of activity can contribute to the viability of their farm, and whether they have the skills and commitment to contribute to making their farms a key part of rehabilitation and support for disadvantaged people. However, I am sure that with increased awareness of both the activities in practice and the research into the impacts of care farming that have been described this evening, this initiative will move from being a fairly niche activity to take its place beside other recognised caring activities as a valuable resource for social and health care practitioners to draw upon.

Mr. Todd: Would it therefore be reasonable for bids for funding for diversification—to create the appropriate environment, such as classrooms or adaptations to meet the needs of particular client groups—to be made to agencies supported by the Minister's Department?

Jane Kennedy: I shall come to that point in a moment. What my hon. Friend has described tonight could be taken as a simple manifesto for the development of care farms. He has made some reasonable requests, including collaboration between Departments and recognition of the therapeutic benefits. Those measures do not cost money, but the will to carry them forward is necessary. He mentions assistance with regulatory burdens, and I listened to his description of the impact on the farm that we have been discussing this evening. I also take seriously his comments about a rational approach to risk in the care of young people, and he makes a good point.

I have a suggestion for my hon. Friend on the issue of funding which he may wish to take up. We cannot escape the fact that care farms need to be run as sustainable businesses, with their customers—whether local authorities or primary care trusts—purchasing the services as an integrated part of their provision for people with disabilities or other mental or social needs. I believe that set-up funding may be available from DEFRA through the rural development programme for England, but for their long-term sustainability care farms should be funded through the mainstream budgets for people with disabilities or other mental or social needs. It would be easy for me, as Minister of State with responsibility for farming, to stand here and commit other people's budgets, so I will not do that, but if the care farm practitioner steering group wishes to come to discuss some of its ideas with me, I would be happy to meet it. I know that its members recognise that care farms need to be run as viable businesses, but there may be things that we can do across government, engaging colleagues in the Home Office and the Department of Health in a way that might help to achieve those obvious benefits without a great deal of investment.

Mr. Todd: Such an approach might even save money, because the evidence is that the care offered is extraordinarily cost-effective. This is not a plea for money, nor is it a plea to business for a load of subsidies. What is required is a more coherent response from government.

Jane Kennedy: My hon. Friend is right. I undertake to meet the care farm practitioner steering group, if it wishes to take up that invitation. We can then discuss what more we could do across Government to encourage what is an important and valuable initiative.

Question put and agreed to.

Adjourned accordingly at eighteen minutes past Ten o'clock.

House of Commons

Tuesday 25 November 2008

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

MANCHESTER CITY COUNCIL BILL [*LORDS*]

Motion made, and Question proposed,

That the promoters of the Manchester City Council Bill, which was originally introduced in the House of Lords in Session 2006-07 on 21st January 2007, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—*[The Chairman of Ways and Means.]*

Hon. Members: Object.

Debate to be resumed tomorrow.

BOURNEMOUTH BOROUGH COUNCIL BILL [*LORDS*]

Motion made, and Question proposed,

That the promoters of the Bournemouth Borough Council Bill, which was originally introduced in the House of Lords in Session 2006-07 on 21st January 2007, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—*[The Chairman of Ways and Means.]*

Hon. Members: Object.

Debate to be resumed tomorrow.

CANTERBURY CITY COUNCIL BILL

Motion made, and Question proposed,

That the promoters of the Canterbury City Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—*[The Chairman of Ways and Means.]*

Hon. Members: Object.

Debate to be resumed tomorrow.

LEEDS CITY COUNCIL BILL

Motion made, and Question proposed,

That the promoters of the Leeds City Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[The Chairman of Ways and Means.]

Hon. Members: Object.

Debate to be resumed tomorrow.

NOTTINGHAM CITY COUNCIL BILL

Motion made, and Question proposed,

That the promoters of the Nottingham City Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—*[The Chairman of Ways and Means.]*

Hon. Members: Object.

Debate to be resumed tomorrow.

READING BOROUGH COUNCIL BILL

Motion made, and Question proposed,

That the promoters of the Reading Borough Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—*[The Chairman of Ways and Means.]*

Hon. Members: Object.

Debate to be resumed tomorrow.

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Heathrow

1. **John Barrett** (Edinburgh, West) (LD): What recent representations he has received on the proposal for a third runway at Heathrow. [238592]

The Secretary of State for Transport (Mr. Geoffrey Hoon): The Department for Transport received almost 70,000 responses to the "Adding Capacity at Heathrow Airport" consultation, which closed on 27 February this year. An equalities impact assessment consultation has since been undertaken to consider how development at Heathrow might affect equality priority groups. Responses showed a wide range of views on the proposals, and we are still considering the position. We have made it clear that the expansion will go ahead only if air quality, noise and public transport commitments are satisfied.

John Barrett: I thank the Secretary of State for that answer. He will know that the Liberal Democrats were the first party to oppose the third runway and to support a high-speed rail link. Does he accept that many of the hundreds of daily short-haul flights that go to Heathrow from constituencies such as mine could be replaced by a north-south high-speed rail link, which would be good for the environment, good for the economy and would remove any need for a third runway?

Mr. Hoon: As I have made clear, this is not an alternative—we are not posing expansion at Heathrow as an alternative to high-speed links. It may well be that, on economic grounds, both are required. That is why I have taken forward urgently work in the Department for Transport to look precisely at how we can develop new capacity, new rail links and, if necessary, high-speed rail links. I hope that the hon. Gentleman will have regard to the views of the chief executive of the Scottish Council for Development and Industry, who clearly represents the views of Scottish businesses. He said:

> "Heathrow's international route network is a national asset that is therefore every bit as important to Scotland's future as it is to London's."

Martin Salter (Reading, West) (Lab): How does the Secretary of State answer the representations made by Lord Smith, chairman of the Environment Agency, this week that the construction of a third runway at Heathrow would make it impossible to meet legally binding targets on air pollution?

Mr. Hoon: The Environment Agency made a submission to the consultation. That, of course, will be taken fully into account alongside the other submissions that were made during the relevant period.

Mr. John Randall (Uxbridge) (Con): Will the Secretary of State be able to give us a definite idea that the decision will be announced before Christmas? Once that decision is made, will we be able to vote on it in the House?

Mr. Hoon: It is certainly my intention that the decision should be announced before the Christmas recess.

Mr. John Grogan (Selby) (Lab): Does my right hon. Friend agree that the Cabinet Minister best qualified to judge whether the third runway will reach air quality and noise standards is the Secretary of State for Environment, Food and Rural Affairs, and will he take his opinions particularly into account?

Mr. Hoon: My hon. Friend will be well aware that the Government in this country operate on the basis of collective Cabinet responsibility, and I am sure that all my colleagues will express their views in their usual fashion.

Justine Greening (Putney) (Con): The Secretary of State will be aware of the controversy surrounding the so-called fantasy plane that has been used in the modelling essentially to force-fit the environmental tests and make them met? From which aircraft manufacturers and jet engine turbine manufacturers has he had confirmation that that plane will ever be in existence?

Mr. Hoon: Of course, I am aware of the controversy. I know that the hon. Lady has researched these matters assiduously, so she will be aware that the assumptions made about that particular aircraft were not helpful in relation to any argument about noise or air quality. It was not a particularly noisy aircraft.

Hugh Bayley (City of York) (Lab): Every single plane that flies from London to north America flies directly over the north of England. Does my right hon. Friend recognise that if they landed, say, at Manchester, they would save half an hour of flying time, 400 miles of fuel on a round-trip and, if a north-south fast railway were built, passengers could be in London as quickly as if they had landed at Heathrow and had to fight their way in from the suburbs of London? Is it not time to think about that seriously as an alternative to a third runway at Heathrow?

Mr. Hoon: I am grateful to my hon. Friend for his suggestion. The last time I looked, I was the Secretary of State for Transport in the Government, not the chief executive of British Airways.

Mrs. Theresa Villiers (Chipping Barnet) (Con): How many children will have their education affected by a deteriorating noise environment if the Government press ahead with their plans for a third runway and mixed mode at Heathrow?

Mr. Hoon: The hon. Lady knows full well that a number of schools are in the immediate vicinity of Heathrow. Action has been taken to provide noise insulation at those schools. Clearly, in the event of there being any decision to expand Heathrow, further action would have to be taken to ensure that those schoolchildren were able to attend and participate in lessons in the way that they do already.

Mrs. Villiers: According to the local authorities affected, 114 schools and around 100,000 children will suffer from serious noise problems if a third runway goes ahead. Meanwhile, around the world, air traffic is falling, Stelios is telling the easyJet board that the days of exponential passenger growth have gone, and yesterday's pre-Budget report predicted a fall in demand for aviation. Is it not time that the Secretary of State revised down his aviation growth forecasts and scrapped his plans for a third runway and mixed mode at Heathrow?

Mr. Hoon: Unfortunately, the statistics that the hon. Lady quotes are not additional to any decision to build an extra runway. She simply gives the number of children currently affected. I anticipated that in the answer that I gave a few moments ago. She needs to ensure, when she is putting forward this case, that she has her statistics right and that she deploys them accurately as far as the House is concerned, so that we can have a proper debate about these matters. As I made clear at the outset, no decision has been taken on the matter. Any decision that is taken, will be taken in the light of air quality, noise and public transport arrangements.

Public Bus Services

2. **Mary Creagh** (Wakefield) (Lab): What estimate he has made of the number of people using public bus services in 2006-07; and if he will make a statement. [238593]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Just under 4.5 billion bus journeys were made across England in 2006-07. There was a further increase of 600,000 journeys in 2007-08. Overall, local bus use has increased by over 17 per cent. since 1997. This achievement is due in part to the success of the London bus network, the hard work of operators and local authorities, and the introduction, of course, of increasingly generous concessionary travel by this Government.

Mary Creagh: I thank my hon. Friend for that reply. The number of people using buses in Wakefield went up in one year by 30 per cent. following the introduction of the free pensioners pass, which made some dodgy routes in and out of Denby Dale and Kirkburton much more viable, and I thank him for that. Will he now look at introducing concessionary fares nationwide for young people—the 16 to 18-year-olds—whom we want to be able to benefit from free transport, particularly in the Wakefield district, where specialist schools are sometimes located 10 or 15 miles away from where a young person might live?

Paul Clark: I thank my hon. Friend for her comments about the concessionary fares that were introduced from April of this year. She is absolutely right: more than 11 million benefit from that concession for the over-60s and for those with disabilities. I know that my hon. Friend and the work of the Youth Parliament very much push for young people to have access to free transport. I recognise the arguments, which are about them being socially excluded, but I do not believe that they fall within the same remit as the concessions that we have already introduced. Our assessment is that concessionary fares for all five to 19-year-olds would cost approximately £1.4 billion.

Mr. Michael Jack (Fylde) (Con): Bus ridership in the borough of Fylde has increased very substantially as a result of the concessionary fares scheme, but the local authority, over and above the additional funding provided by the Government, will this year lose some £360,000, whereas the borough of Pendle will gain £385,000. Can I seek an assurance from the Minister that he will re-examine the formula used to allocate the national budget for the scheme, to make certain that boroughs such as Fylde do not lose out?

Paul Clark: I am delighted that the right hon. Gentleman welcomes the Government's decision to introduce nationwide concessionary free travel for 11 million people. I recognise the issues that he raises. However, we spend approximately £1 billion on concessionary fares, mainly through the rate support grant mechanism, provided through local authorities. When we introduced the new nationwide scheme in April, we added an extra £212 million, which will rise to £223 million over the next two years, to compensate local authorities for that delivery. Invariably, all local authorities received on average a 30 per cent. increase in the allocation of moneys for the concessionary schemes. However, we always keep these matters under review.

Mr. Paul Truswell (Pudsey) (Lab): Is not the problem that the figure for bus patronage is skewed by an enormous increase of use in London, whereas in most parts of the country, such as my constituency, the picture is one of services being reduced to the most profitable routes and to routes that are subsidised with ever-increasing and hefty subsidies from the taxpayer? Is my hon. Friend aware of the recent report by the Centre for Cites, which demonstrates what a huge problem deregulation has been in cities? How confident is he that the measures contained in the new Local Transport Bill will address that?

Paul Clark: My hon. Friend raises some important points. Although the increase is principally due to success in London and the concessionary fare scheme, there have been other clear increases. Indeed, hon. Members have already referred to some in their constituencies: in Brighton, Nottingham, Oxford and York, for example, bus patronage has increased. I sincerely believe that the Local Transport Bill, which recently completed its parliamentary stages, will allow local authorities to decide what best suits their areas, and it is up to local leaders to use the Bill's toolkit to make a difference for their local people.

Mr. David Curry (Skipton and Ripon) (Con): Will the Minister recognise that the review that he has just promised needs to be carried out with the greatest possible urgency? The scheme whereby elderly people and disabled people will have three bus passes threatens to shoot a huge hole in the budget of dozens of local authorities throughout England. Harrogate's local authority, which serves my constituency, faces a deficit, over and above the grant, of between £1.3 million and £1.6 million, depending on the volume of traffic this winter, and York has a multiple of that already. Will the Minister recognise that the distribution of funds bears no relationship whatever—

Mr. Speaker: Order. The right hon. Gentleman should not make a speech.

Paul Clark: Let me make it clear that the additional funding that was made available as of April was distributed on the basis of the discussions that were held with, and the representations that were received from, more than 200 local authorities. Destinations, major shopping areas and areas with a high number of retired people were taken into account in the allocations. Indeed, we looked at the budgets that local authorities had allowed for 2006-07, and that is why I am confident that, on average, there has been a 30 per cent. increase in funding, out of the extra £212 million. We keep the matter under review, but we do not necessarily intend to revisit the whole operation, other than the administrative side.

Mr. Mark Todd (South Derbyshire) (Lab): Those with enduring mental health problems are not entitled to participation in the concessionary fare scheme, but they would undoubtedly use buses more if they were. Will the Minister reconsider the current classification of those entitlements?

Paul Clark: My hon. Friend will know that the current scheme covers all those people over 60 years old, and approximately eight groups of people with disabilities. I recently attended a lobby by Sense on the issues of mental health and companions for people with disabilities. There are no current plans to extend those concessions, but, like all these things, we keep the matter under review.

Rail Network

3. **Mr. David Jones** (Clwyd, West) (Con): What recent assessment he has made of the adequacy of the capacity of the rail network; and if he will make a statement. [238594]

6. **Mr. Peter Bone** (Wellingborough) (Con): What recent assessment he has made of the adequacy of the capacity of the rail network; and if he will make a statement. [238597]

The Secretary of State for Transport (Mr. Geoffrey Hoon): The White Paper on rail set out the Government's commitment to increasing rail capacity by 2014, backed by investment of some £10 billion. This includes the procurement of an additional 1,300 carriages for operation right across the network; 423 vehicles have already been ordered; and yesterday, we announced proposals to procure a further 200, which will benefit passengers in the Thames valley, around Bristol and on longer distance regional services in central northern England.

Mr. Jones: Last week, in evidence to the Select Committee on Welsh Affairs, the Minister of State for Transport, Lord Adonis, admitted that the Department's own forecasting models had failed to predict the significant increase in rail passenger growth. What steps are the Department taking to ensure that those models are improved, and that more accurate and reliable statistics are provided?

Mr. Hoon: We simply did not anticipate the remarkable success of the funding that Labour Governments have put into the railways since 1997. Had we based things on the likely forecast when the Conservatives were in power, we would be managing a very small rail network today. In a sense, I take the hon. Gentleman's question as a tribute to the success of Labour's policy on rail. Obviously, we want that success to continue, and that is why we are putting in the extra investment.

Mr. Bone: Does the Secretary of State support the "In the can" campaign, through which rail users are encouraged to send a tin of sardines to the chief executive of East Midlands Trains because of the gross overcrowding? Or does he think that this tin of sardines would be better presented to him as Secretary of State, for his inaction and complacency?

Mr. Hoon: I am grateful to Conservative Members for thinking about my health and welfare and ensuring that I eat oily fish. Having already received a tin of sardines from one of the hon. Gentleman's colleagues, I suggest that rather than sending his to me, he sends it to an appropriate charity in his constituency.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): What proposals does my right hon. Friend have to bring forward new investment in rail to meet the current economic situation?

Mr. Hoon: As I have already said to the House, some £15 billion is set out to improve our rail network, and it will concentrate particularly on capacity. We want to ensure that trains are appropriate and that platforms are of the appropriate length. I have established a group under the leadership of my noble Friend Lord Adonis to consider the question of new lines, electrification and high-speed lines for where they are necessary. A tremendous amount of work is under way at the Department for Transport to ensure that we have the capacity on our rail network to meet likely levels of demand.

Dr. Ian Gibson (Norwich, North) (Lab): My right hon. Friend will have heard it said that the Norwich to London line is second class, going on third class. To top it all, we now hear that there are 314 job losses to be determined—yes or no?—by Christmas. Secondly, the famous restaurant cars—often supported by many of our colleagues and others—are to be taken away. How is that compatible with quality service and with a franchise that says that there should be an ongoing kitchen in every train? How can there be a kitchen without a restaurant attached?

Mr. Hoon: My hon. Friend has been assiduous in standing up for the interests of his constituents in Norwich, particularly in relation to transport and communication links between Norwich and London. I would be delighted to see him and any other Norwich Member with a particular interest in the restaurant facilities whenever that can be arranged.

Andrew Rosindell (Romford) (Con): The Secretary of State will know that it has been estimated that regulated and unregulated rail fares will rise by 6 per cent. and 7 per cent. What assurance can he give hard-working commuters that the issue will not continue to affect them adversely?

Mr. Hoon: I recently met representatives of the Association of Train Operating Companies, and I set out to them that, in making any increases, it was important to take account of the current economic circumstances and the impact on those who regularly commute by rail—not least, those with season tickets. What is important is that some 60 per cent. of all rail fares are regulated and that since 1997 those regulated fares have remained within the overall rate of inflation. That is not to say, however, that we do not take seriously the impact on other fares; I hope that train operating companies will take that into account when setting future fare increases.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I welcome the Government's previous commitment to the development of Birmingham New Street station, and I read with interest about the transport investment announced yesterday. However, if money comes forward in future, may I ask the Secretary of State not to overlook the region of the west midlands, and Birmingham in particular? It is in the heart of England and part of our manufacturing base, and we need investment desperately.

Mr. Hoon: I am grateful to my hon. Friend. I was at Birmingham New Street yesterday; the investment to be made there will transform the station and make it central to the investment that we are putting in right across the rail network. I hear what she says about the west midlands, which is an important network hub for the United Kingdom. I certainly look to seeing new investment there in the future.

Adam Price (Carmarthen, East and Dinefwr) (PC): Why has the decision been made not to proceed with the upgrading of the Stroud valley line, which is used to re-route services from south Wales to London when the Severn tunnel is closed? Why should passengers have to wait an extra hour to complete their journey at weekends for the want of a £32 million investment?

Mr. Hoon: I am aware of that proposal. Several criteria have to be satisfied. However, I can assure the hon. Gentleman that all the schemes to which he refers in general terms are looked at on a regular basis and kept under review.

Mr. Eric Martlew (Carlisle) (Lab): You, Mr. Speaker, will be aware that for over a decade I have been asking questions about the upgrade of the west coast main line, which, thanks to the generosity of this Government, is almost complete. However, even when it is completed, there will still be a capacity problem in the near future. What plans does the Secretary of State have to build a high-speed line going from London to Scotland on the west coast?

Mr. Hoon: I am grateful to my hon. Friend for paying tribute to the Government for spending some £8.8 billion on improvements to the west coast main line. That has meant extra capacity and improvements in journey times right up the line and on either side of it, and it has been a considerable success. I recognise, however, that it is important that we maintain capacity levels and see where there are capacity constraints on the network. I am sure that my noble Friend Lord Adonis will take my hon. Friend's submissions into consideration when looking at possible routes for future high-speed rail links. As my hon. Friend will be aware, there is more one route to Scotland.

Norman Baker (Lewes) (LD): The Secretary of State's Department's projections for future passenger numbers demonstrate that they will be well in excess of the capacity that the Department has planned. It is difficult to escape the conclusion that part of the strategy is to price people off the railways, which is why over the past few years, since 1997, prices have risen 6 per cent. above inflation and only this week we saw 6 per cent. and 11 per cent. increases in regulated and unregulated fares. Why does not he introduce a freeze on rail ticket prices for a year in the same way that the Chancellor has introduced, three times since 1997, freezes on fuel duty to help motorists. Why should motorists be helped and not train passengers?

Mr. Hoon: I accept neither the hon. Gentleman's premise nor his conclusion. He is wrong on both counts. The assessments of capacity that have been made are in keeping with the extra capacity that the Government will make available in terms of our future plans for the rail network. As I have indicated in response to previous questions, it is important that we not only go on looking to improve capacity—not only at the various pinch-points in the network where there is clearly congestion and overcrowding—but consider the longer-term plans for new capacity, new lines, electrification and high-speed links. I have set that out very clearly to the House and I will go on doing so, at least until the hon. Gentleman starts listening.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): I make no apologies for referring to the west coast main line again, as it is a very important artery for Great Britain. The question of infrastructure, particularly the length of platforms, is troubling if we are to have these new locomotives working. I refer especially, again without apologies, to Wolverhampton, where the private developer leading the work has now stopped because of, he says, the lack of the possibility of growing the station in the present economic circumstances. Given the Chancellor's statement yesterday, will my right hon. Friend ensure that these questions of capacity in relation to station infrastructure are considered carefully and properly for Birmingham and the whole west coast main line, but with a special plea for Wolverhampton?

Mr. Hoon: I am grateful to my hon. Friend for raising an important issue about his constituency. I said earlier that in looking at capacity constraints, not only the length of trains but the length of platforms is crucial to improving capacity and the ability of our trains to provide a proper service to his constituents and others in the west midlands. I will certainly consider the case of Wolverhampton with a degree of urgency.

Stephen Hammond (Wimbledon) (Con): The Secretary of State will want to acknowledge that since privatisation rail patronage has increased by 40 per cent. However, in contrast to his answer to the hon. Member for Lewes (Norman Baker), recent independent research from the Institution of Civil Engineers and the university of Southampton clearly indicates that improvements in capacity have not kept pace with that increase in patronage. Following last week's unregulated fare increases of up to 11 per cent., many people using the railways believe that the Government's only strategy for dealing with capacity is to price them off them. Does the Minister not realise that overcrowding plus huge increases in unregulated fares does not represent value for money for the travelling public?

Mr. Hoon: I simply do not accept what the hon. Gentleman said. Interestingly, when someone—perhaps it was the hon. Gentleman—was asked by *The Times* on Friday or Saturday what the Conservative party's view was on these fare increases, no answer came. No answer was given on what the Conservative party would do if faced with a similar situation. Unfortunately, that is all too typical of the Conservative party's approach to the present grave economic circumstances faced by this country and others.

Geraldine Smith (Morecambe and Lunesdale) (Lab): Is the Secretary of State aware—and he probably is not—that one of the trains on the morning peak-time Morecambe to Lancaster commuter service has been taken off because of capacity problems with the west coast main line? We welcome the improvements that the Government have made to the line, which have made a difference, but there are still capacity issues for smaller lines crossing the main line. Will the Secretary of State meet me to discuss that matter?

Mr. Hoon: My hon. Friend is quite right: I was not aware of that consequence of improving capacity on the west coast main line. I would be delighted to meet her to discuss the issues affecting her constituents.

South London Line

4. **Simon Hughes** (North Southwark and Bermondsey) (LD): What his Department's policy is on the future of the south London line; and if he will make a statement. [238595]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): It is planned that the south London line service will be diverted away from London Bridge toward Bellingham to maintain connections into Victoria from stations such as Peckham Rye and Denmark Hill.

Simon Hughes: Are Ministers aware that the travelling public who use the railways from Denmark Hill, the two Peckham stations and South Bermondsey think that they and the Government have been hoodwinked? Would Ministers look at the plans of Network Rail and Thameslink, which, as far as we can remember, said nothing about the end of the south London loop line from London Bridge to Victoria? That line is used by many commuters in a part of London that is fairly poorly served as far as railways are concerned.

Jim Fitzpatrick: I am happy to look at the documentation to which the hon. Gentleman drew my attention. He will be aware that Thameslink modernisation is attracting £5.5 billion of funding for one of the most overcrowded routes in the UK. It will be an important addition to the capital's transport system, given that it is the only overground railway through the centre of London. By 2015, the trains will be twice as long, and will be travelling much more frequently. I will, however, look at the information that the hon. Gentleman asked me to consider.

Mr. Andrew Pelling (Croydon, Central) (Ind): Also on the south London line is Crystal Palace station. There has been an announcement from city hall in the past few weeks that the extension of the Croydon tram link to Crystal Palace will no longer be worked on. There was £9.9 million in the budget for the scheme, but city hall has said that it will not progress with it unless the Government commit to funding the whole scheme beyond 2010. If we were to ask the Government for the money, would that be possible?

Jim Fitzpatrick: I take it that the hon. Gentleman is expressing regret at the election of Mayor Johnson, and at the dropping of many of the priority plans of Mayor Livingstone. The Department for Transport has allocated a fairly generous settlement to Transport for London of £40 billion over the next 10 years. I know that the hon. Gentleman's constituents will be disappointed at Mayor Johnson's decisions, as are many people across London, but he has the money to prioritise the elements of transport that he thinks are appropriate, and perhaps he will take notice of what the hon. Gentleman says.

Cycling

5. **Natascha Engel** (North-East Derbyshire) (Lab): What measures he is taking to encourage more people to cycle. [238596]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Cycling has an important role to play in people's transport choices. The Government have been supporting local authorities financially, by issuing guidance and advice, and by providing ideas and inspiration. All that work is supported by a £140 million programme developed by our advisers, Cycling England.

Natascha Engel: I thank my hon. Friend for that answer. Everybody knows the health and environmental benefits of cycling, but it is important that we inspire even more young people to take up cycling in the first place. What is his Department doing to train more very young children to take up cycling, and what is it doing about building more cycle paths directly to schools?

Paul Clark: I thank my hon. Friend for that. It is well known that she is a keen cyclist who is often seen ready for the off, in her gear, at the last vote. Her question is spot on about the need for us to take as many steps as possible to encourage young people and adults to cycle. We have various plans, such as our work with Cycling England to train 500,000 young people between now and 2012 to attain level 2 at cycling, and travel-to-school plans are equally important to encourage cycling and walking.

Sir George Young (North-West Hampshire) (Con): But is there not a role for Ministers in the Department to play by leading by example?

Paul Clark: I am delighted to inform the right hon. Gentleman that both my parliamentary colleagues sitting on the Front Bench today cycle, and I am sure that that is more than enough.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Will my hon. Friend give a welcome to the proposal from Spokes, the Lothian cycle campaign, of which I am happy to declare myself a member, for a £20 million fund for cycle projects in Scotland? Under the previous Administration, Scotland was ahead of England, but under the Scottish National party, spending on cycling is falling behind. When he next meets his colleagues in the Scottish Executive, will my hon. Friend urge them to ensure that Scotland does not fall behind the rest of the UK in encouraging cycling as an important way of improving health and supporting the environment?

Paul Clark: I would always take the opportunity to encourage anyone making decisions about transport, including colleagues in Scotland, to develop all possible modes. However, I might add that if my hon. Friend the Member for Dover (Gwyn Prosser), the chairman of the all-party cycling group, has his way, he will have me on a bicycle very shortly.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): As a cyclist, may I encourage the Minister to join his two colleagues and get into the saddle himself? Will he join me in congratulating the Mayor of London, Boris Johnson, who is rolling out a Paris-style rent-a-bike scheme in the capital? Does the Minister also agree that we will persuade people to use their bicycles for urban journeys only if we have better secure parking in town centres and, in particular, at railway stations?

Paul Clark: I would support any development of cycling and giving people those choices, but I am equally aware that there has been some adjustment in the budget for cycle lanes and so on. However, it is obviously for the Mayor to make those choices under the devolved powers. Equally, I am aware that having the confidence to cycle, whether to school or for leisure, is a particular concern for parents and young people. That is why we have invested money in ensuring the safety and training of youngsters.

Topical Questions

T1. [238612] **Sir Nicholas Winterton** (Macclesfield) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Transport (Mr. Geoffrey Hoon): Today we are announcing more than £1 billion in transport spending. This includes £700 million of funding, which my right hon. Friend the Chancellor of the Exchequer announced yesterday would be brought forward to help stimulate the economy, together with £300 million of new Government funding to help speed up the delivery of links to some of the United Kingdom's most important international gateways.

The £700 million will help to advance the Government's plans to increase capacity on the motorways and other key roads, and to accelerate the delivery of improvements to rail services. The funding that has been brought forward and the schemes that can benefit include: £174 million to dual the A46 between Newark and Widmerpool; £300 million for 200 train carriages to relieve congestion on the Great Western, Northern and TransPennine rail franchises; and £300 million to introduce more managed motorway schemes to make best use of our existing motorway capacity.

In addition, £300 million of new Government funding will speed up the delivery of other key schemes, including: £30 million for improvements to the A180-A160 junction to improve access to Immingham port; £60 million to enhance traffic flow on the A12 between the M25 and Ipswich, improving access to Felixstowe and Harwich ports; £165 million for the south-east Manchester relief road to improve access to Manchester airport; and £54 million for improvements to the North London line on that important rail freight link. Delivery of some of those schemes is subject to agreeing regional funding contributions and the outcome of statutory planning processes. The combined package will help the Government to relieve congestion and reduce crowding on the railways.

Sir Nicholas Winterton: I am grateful to the Secretary of State for that lengthy list of projects, towards the end of which he mentioned the Manchester airport eastern link road, which is vital to many industrialists in my area who export to America and the continent. Will that road, together with the proposals in the south-east Manchester multi-modal study, go ahead as a matter of urgency? My area has been starved of resources for roads. That road, and the allied roads that go with it, will be of huge benefit to a wide area. Will he assure me that the road will go ahead?

Mr. Hoon: I know that the hon. Gentleman has taken a considerable interest in the road, and I am aware of the need to improve access to Manchester airport, particularly from the east. That is why the scheme is to be brought forward as a matter of urgency. As I have indicated to the House, however, it requires regional funding contributions, and those must be agreed quickly if we are to proceed with the urgency that the hon. Gentleman requires.

T3. [238614] **Mr. Jim Cunningham** (Coventry, South) (Lab): May I ask the Minister what he is doing to encourage more people to use public transport?

The Parliamentary Under-Secretary of State for Transport (Paul Clark): We have taken several steps, such as the introduction of the Local Transport Bill. Buses are the backbone of our public transport system, providing more than 5 billion journeys every year. We want to ensure that quality services are available across the length and breadth of the country. The Bill is important for local authorities making decisions about what best meets their needs. My right hon. Friend the Secretary of State referred earlier to the steps being taken on railway travel.

T2. [238613] **Mr. James Gray** (North Wiltshire) (Con): Swindon borough council recently announced that it is going to remove all its speed traffic cameras and spend the £300,000 that it will save on more effective safety measures. Does the Secretary of State agree that highly visible speed cameras have a real role to play in deterrence, whereas the cameras that motorists are not aware of until it is too late have no purpose other than to raise revenue?

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): That decision is for Swindon to take, but I think it regrettable. There will have to be negotiations with the local police and the road safety partnership on how that will play and when that change will be brought in. We have devolved responsibility and power to local authorities to determine what road safety measures are appropriate in their area, so this is very much a matter for them. Speed cameras have clearly saved lives and prevented injuries for many years, and they still have a role to play. I hope that Swindon will change its mind.

T4. [238615] **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): Will the Minister join me in congratulating Barnsley council on working in collaboration with Stagecoach to provide free bus passes to 16 to 18-year-olds from next summer? Unfortunately, the scheme was opposed by opposition Tory and independent councillors, but does the Minister agree that the scheme will help youngsters better to access services in Barnsley, as well as work towards the Government's green agenda?

Paul Clark: My hon. Friend highlights exactly the powers that are available to local authorities to add to the minimum concessionary schemes that have generously been introduced by the Government. By doing that in Barnsley, councillors have decided what their priorities are, and I welcome that. All hon. Members should urge their local authorities to consider the options for improving transport in their communities.

T5. [238616] **Richard Ottaway** (Croydon, South) (Con): May I ask the Secretary of State about carbon dioxide emissions from shipping? I think that we all agree that ships are the most CO_2 efficient way of moving goods around the planet, and that we must reduce CO_2 emissions. He has engaged in a consultation on this issue; will he give us the nature and extent of his thinking on how that can best be achieved through shipping?

Jim Fitzpatrick: I gave evidence to the Select Committee on Environmental Audit this morning, along with the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock). There was a good exchange between us and members of the Select Committee about how we hope to reduce shipping emissions. The Marine Environment Protection Committee of the International Maritime Organisation is convening at a meeting in July, and the United Nations framework convention on climate change will be held in Copenhagen next November. We are doing all we can through the IMO, which is the appropriate body through which to advance measures that will achieve the hon. Gentleman's objective.

T8. [238619] **Fiona Mactaggart** (Slough) (Lab): Today is white ribbon day—the day to mark the "end male violence against women" campaign. In view of the fact that women are less likely than—[Hon. Members: "Transport questions"]. I know—this is about transport.

Mr. Speaker: Order. I think that the hon. Lady is coming on to the safety of ladies on transport.

Fiona Mactaggart: In view of the fact that women are much less likely than men to have direct access to, and use of, a car, what is the Department doing to make sure that women who use public transport, walk or cycle, who have been shown in studies conducted by the Department to be fearful of—

Mr. Speaker: Order. Topical questions should be short and I think that the Minister has got the message.

Mr. Hoon: I am grateful to my hon. Friend for raising this important issue. I agree with her that anyone using public transport should feel safe and be confident that they can be safe. That applies particularly to women. My hon. Friend is right to raise the matter as she has, and I assure her that I will take a personal interest in the sort of measures that can be taken—for example, in terms of the new rail franchises, we are considering the installation of cameras to monitor trains. Giving women—and everyone—the confidence that they can use public transport safely is a perfectly proper ambition of the Department.

T6. [238617] **Mr. John Baron** (Billericay) (Con): Government figures confirm that foreign heavy goods vehicles account for 3 per cent. of journeys, but for 10 per cent. of HGV accidents, resulting in approaching 40 deaths a year. Given that Fresnel mirrors have been proven to eliminate the blind spot on the passenger side of those left-hand-drive vehicles and given that the Government have also admitted that the latest EU directive will not eliminate that blind spot, why will the Government simply not make all Fresnel mirrors mandatory for incoming HGVs instead of handing them out at our ports of entry as freebies?

Jim Fitzpatrick: I am grateful to the hon. Gentleman for raising the issue of Fresnel mirrors, of which we are great supporters. The evidence that we have shows that they are effective in reducing the number of side-swipe incidents and improving driver vision. We are sharing with our European colleagues the information and the data that we are collating. We are always looking to improve the safety of all vehicles. One hopes that the use of such mirrors will be one measure to achieve that. At the same time, we have given the Vehicle and Operator Services Agency £24 million extra funding this year to address the issue of foreign HGVs, as a higher proportion of them are in breach of road safety regulations than are UK vehicles. That funding has meant staff increases, 24/7 coverage, new testing stations and many more inspections.

T7. [238618] **Simon Hughes** (North Southwark and Bermondsey) (LD): What sort of joined-up government is it when the Chancellor says how important it is to keep down the costs to the public of bank charges, energy prices, food and other purchases, yet three days previously, Transport Ministers refused to intervene when regulated fares were announced to go up 6 per cent. for everybody and unregulated fares by 11 per cent. from the new year? Where is the consistency?

Mr. Hoon: I have already set out the arrangements for fare increases and it was made very clear to the Association of Train Operating Companies that they should take account of the present economic circumstances. To that extent, the Government were clearly and consistently setting out their policy to deal with the present situation. It is important to acknowledge that some 60 per cent. of the total fares are regulated fares, so, in those circumstances, the overall rate of inflation in those fares has been retained ever since 1997.

WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Equality Impact Assessments

1. **John Mann** (Bassetlaw) (Lab): What estimate she has made of the effect on the expenditure of public bodies of replacement of the requirement to undertake separate equality impact assessments with a requirement to undertake a single assessment. [238582]

The Solicitor-General (Vera Baird): The new single public sector equality duty will ensure that public bodies are fair employers and that they design and deliver public services that meet the needs of the whole community. We expect that the costs will be mitigated by the efficiency gains of integrating the existing three duties into a single new process. The new duty is just one part of the simpler, stronger and more effective legal framework that the Equality Bill will deliver.

John Mann: Will the Attorney-General's "Race for Justice" declaration help public sector organisations, not least universities, to meet their single equality duty obligations? Does the Minister agree that there will be quite some kudos in being the first university so to do?

The Solicitor-General: I agree that a university that took that opportunity and seized that initiative would gain a good deal of kudos. I congratulate my hon. Friend on the work that he does in the all-party parliamentary group against anti-Semitism. Although "Race for Justice" is a criminal justice declaration, it is infinitely adaptable. It is there to expose systematically, and help to work away and erase, discrimination. It will read across excellently to universities.

Miss Anne McIntosh (Vale of York) (Con): Will the Solicitor-General address the point about low-paid women, particularly those in public sector bodies such as Government Departments? Will she assure us that the single equality impact assessment will deal directly with that issue?

The Solicitor-General: An equality impact assessment was carried out when "A Framework for Fairness" was launched, and another will be carried out on the Equality Bill. I should make it clear, however, that we intend to tackle low pay for women in the public sector and also in the private sector. We have set out a number of models for how we intend first to expose it and secondly to tackle it. I believe that the hon. Lady will join cause with us, and I look forward to working with her.

Julie Morgan (Cardiff, North) (Lab): I know that my hon. and learned Friend will agree that paving the way for equality carries costs, but does she also agree that we should measure the benefits as well? Should we not be especially vigilant at a time of economic difficulty when it is only too easy for things to slip, which would surely cause many more problems in the long term?

The Solicitor-General: I entirely agree, but let us be clear about one matter: in business terms, diversity is dynamic. Involving people with different life experiences and different perspectives with which to frame their talents strengthens business, as well as matching it better with its consumers. Yes, of course we must be especially vigilant at this time of pressure, but there is no dosh in discrimination.

Lynne Featherstone (Hornsey and Wood Green) (LD): I am keen for equality impact assessments to be effective, but I fear that in some cases they have been more about going through the motions. Can the Minister tell me what work is being done to assess the value and change that result from such assessments, and what extra resource she will provide under the new legislation to ensure that there is effectiveness, not just a tick-box approach?

The Solicitor-General: We have been examining, in specific terms, the impact that, for instance, going through a whole gender pay audit can have. Sometimes it is a process rather than an impact. That is why we have hesitated rather than going wholesale for impact assessments, assuming that they are the key to all mythologies and will put everything right. They do not necessarily do that.

We are working on this, and we consider that the watchword for the Equality Bill and for equal pay in particular is transparency. We will pin a number of proposals on to that basic bedrock as we take the Bill forward.

Miss Anne Begg (Aberdeen, South) (Lab): It does not matter whether one duty is involved or three: public authorities, especially local authorities, must have bought into their obligation to carry out those duties. What does my hon. and learned Friend think about Aberdeen city council, which, when it found that it had a £50 million budget deficit in February this year, cut services for disabled people in particular without conducting a disability impact study, any kind of assessment or any consultation? That was a despicable action by a Liberal-SNP administration. Will my hon. and learned Friend ensure that other local authorities, particularly those facing cuts in their budgets, do not—

Mr. Speaker: Order. The hon. Lady must bear in mind that other Back Benchers want to ask questions.

The Solicitor-General: Apart from the fact that that was obviously an utterly reprehensible way in which to behave, Aberdeen city council, like others, has a duty to promote equality of opportunity for disabled people. It therefore behaved not only in a disreputable way, but almost certainly in an unlawful way. We must make it absolutely plain that that kind of discriminatory behaviour will not be tolerated as we move into a new era in which everyone starts to appreciate the importance and value that are to be attached to diversity.

Domestic Violence

2. **Sir Nicholas Winterton** (Macclesfield) (Con): What further steps the Government are taking to reduce the incidence of domestic violence. [238583]

4. **Angela Watkinson** (Upminster) (Con): What steps she is taking to tackle violence against women. [238585]

The Minister for Women and Equality (Ms Harriet Harman): We are continuing to back up and work with the police, prosecutors, courts and voluntary sector in their work to tackle domestic violence and we will change the law to abolish the provocation defence to homicide.

Sir Nicholas Winterton: Mrs. Jennie Davies, the president of the Prestbury branch of the Women's Institute in my constituency, has drawn my attention to the National Federation of Women's Institutes campaign to end violence against women. What are the Government doing to develop and implement an integrated strategy to raise awareness of and prevent violence against women?

Ms Harman: I would like warmly to congratulate and pay tribute to the National Federation of Women's Institutes on its campaign to tackle violence against women and its participation in the End Violence Against Women coalition. This morning, I spoke at a conference that it is having just down the road on that very subject. Some years ago, the Government set up inter-ministerial groups to tackle domestic violence, human trafficking and sexual offences. We have brought them all together so that we can work strategically across Government on tackling violence against women. In January, we will publish a consultation on how we make further progress.

Angela Watkinson: One third of incidents of violence against women are domestic, and the period between reporting a crime and the conclusion of a court case is often very long and one of increased risk. Too often the perpetrator of the violence remains in the family home and the mother and children are removed to a hostel. What more can be done to introduce justice into the system so that women can have the courage to report such violence and are not faced with having to take their children out of the family home while the proceedings are going on?

Ms Harman: I agree that across the board, whether it is the police, local government, prosecutors or courts, we still have a long way to go, but we seem to be making real and substantial progress on tackling incidents of domestic violence. The British crime survey, in which women report to a confidential survey rather than to the police, shows that in the last 10 years the incidence of domestic violence has fallen by 58 per cent. We still need to tackle the great deal of suffering caused by domestic violence, but by working together and challenging the myths that domestic violence is just one of those things and that nothing can be done about it, we are making real progress.

Mr. Virendra Sharma (Ealing, Southall) (Lab): Does the Minister agree that in the light of the experiences of Southall Black Sisters in my constituency, more needs to be done to support specialist domestic violence support services, especially those helping black, Asian, minority ethic and refugee communities?

Ms Harman: Across the board, support for victims of domestic violence, as well as for its prevention, is very important and I pay tribute to Southall Black Sisters, an organisation that I know my hon. Friend has supported and worked closely with over the years. If someone does not speak English, is thousands of miles away from their family and is not working outside the home, it might be even more difficult for that person to escape from violence. We need to have the right support services on the ground and, once again, I pay tribute to the National Federation of Women's Institutes, which is looking at how it can tackle domestic violence in rural areas. Whether it is in Southall or in a rural area, we need to make sure that victims have the right support so that women do not have to put up with violence and children do not have to live in fear of it.

Mrs. Madeleine Moon (Bridgend) (Lab): I thank my right hon. and learned Friend for the support that I received in making sure that the new court in Bridgend had a domestic violence court. As the three years of funding for the independent domestic violence adviser ends in March 2009, what help will Bridgend get to ensure that that invaluable help for women going through court proceedings is still available?

Ms Harman: A lot of lessons have been learned from the pilot projects that have taken place in many courts—including at my hon. Friend's—which show how we can ensure that the perpetrators of domestic violence are brought to justice. Just a few years ago, only half of all domestic violence cases brought to court resulted in a conviction. That is now up to three quarters, and all courts, prosecutors and police recognise that it is important to bring offenders to justice so the level of violence does not escalate.

Greg Mulholland (Leeds, North-West) (LD): The cost of domestic violence is huge; in Leeds, it is estimated at £332 million a year. That is often not reflected in the funding from central and local government and the charitable sector that goes to domestic violence organisations, such as Behind Closed Doors in my constituency, which does a wonderful job in helping women in this very difficult situation. Does the right hon. and learned Lady agree that this issue should be looked at across the piece, and does she also agree that there is concern that some funding organisations do not prioritise domestic violence charities and organisations, because that is not seen as high profile or fashionable?

Ms Harman: For the Government's part, we have backed the campaign against domestic violence at national level. We have supported the police in expanding their work on domestic violence, and over the past decade there has been a transformation in how they respond to domestic violence. We have backed up specialist prosecutors—and I pay tribute to prosecutors for now taking cases that might previously have been dropped—and we work across the health and education services as well. On delivery of local services, however, it is important that local authorities fund local organisations. For our part at national level, we have made this a priority. It is down to local authorities to recognise the scale of the problem in their area, and to make sure there are local services for local women.

Fiona Mactaggart (Slough) (Lab): But does my right hon. and learned Friend agree that in societies where women can be bought and sold like objects there is a greater risk of violence towards women, and what is she doing to try to combat this kind of exploitation of women and the consequent violence which leads to prostitutes, for example, being 40 times more at risk of a violent death than the rest of us?

Ms Harman: My hon. Friend might well be referring to the fact that in local newspapers across the country we see women for sale for sex. It is important that we do not accept that as inevitable. Who wants to see in the back of their local newspaper, alongside "skip hire" and "lost pets", advertisements such as, "New Thai girls. Choice of two avail., satisfaction always…nr Jct 11 M4, parking," or, "Brazilian girls. Barkingside…£60 Full Service"? These are exploited women being sold for sex, and it is about time that local newspapers stopped taking advertisements from sleazy gangs exploiting women.

Mrs. Theresa May (Maidenhead) (Con): I welcome the Government's commitment to publishing a consultation on a Government strategy on violence against women, but I regret the delay in bringing this forward. My right hon. Friend the Leader of the Opposition called for such a cross-cutting Government strategy more than a year ago. All the groups involved in this area—including, so it would seem from the question of my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton), the Prestbury branch of the Women's Institute—have been calling for such a strategy for some time now. Indeed, the End Violence Against Women coalition has even published a blueprint for such a cross-cutting Government strategy. Following the consultation, when will this Government strategy be put in place, and what on earth has taken the Government so long?

Ms Harman: There has been no delay. We have been taking action across the piece, whether on domestic violence, sexual assault or human trafficking. We have been tightening the law, we have been backing up the police and we have been changing the court processes. That is producing results; now, for example, 45 per cent. more men are convicted of rape than 10 years ago. We are also challenging the myths and assumptions that go along with that. After 10 years of hard work on the issue—work which has made a difference in both rape convictions and in protecting women from domestic violence, and has highlighted the new threats such as human trafficking—the Home Secretary will launch a consultation in January on how we can make yet further progress. I urge the right hon. Lady not to undermine, or deny, the progress that has already been made, because we should be building the confidence of women in the criminal justice system, and we should be saying, "Yes we will take action, and it will make a difference."

Employment

3.34 pm

The Secretary of State for Work and Pensions (James Purnell): With permission, Mr. Speaker, I would like to make a statement on employment. Unemployment began rising in January, as this country, like so many others, began to feel the shockwaves of the credit crunch rippling out from the banking system in the United States. Each and every job lost is a personal tragedy. Our goal is to ensure that newly unemployed people do not fall out of touch with the labour market, and we will do everything we can to bring those who have been out of a job for some time back closer to the world of work. So, we will continue to reform the welfare state to help people back into work now and to prepare them for the upturn.

Britain starts from a strong position. The number of people in work reached its highest ever level this summer—29.5 million; earlier this year, we experienced the lowest claimant unemployment level since the 1970s; and there are more than 500,000 vacancies in the economy. By contrast, in the 1980s and 1990s, claimant unemployment twice hit 3 million, and between 1979 and 1997 the number of people on incapacity benefits trebled to more than 2.5 million. We all know the human cost that lies behind those figures: communities were scarred, and still carry those scars today; and whole families were left without work, not just for years, but for generations.

For the first time since 1945, the global economy is predicted to shrink next year. No country can be immune, but all Governments have the same goal: to make the downturn as shallow and as short as possible. If this had been done in the 1990s, the recession then would have been less costly to communities, less costly for individuals and less costly for the economy as a whole. Yesterday, my right hon. Friend the Chancellor set out details of a £20 billion fiscal stimulus package to support our economy—it is the right action to reduce, as far as possible, the human and financial cost of the downturn. The money means help for small business, a timely boost to the economy and capital projects to maintain employment.

The money also means a significant boost for older people in this country; we are putting in place a basic state pension of £95.25 and an increase to the guaranteed credit, which will ensure that no pensioner need live on less than £130 a week. My right hon. Friend said yesterday that he wants pensioners to benefit as quickly as possible. As we are not able to increase the pension and pension credit rates before April, we therefore announced that an additional £60 payment will be made to 15 million people from January. That is in addition to the £10 Christmas bonus, which will be paid as normal. The measures represent a significant increase in Government support for older people, which will really make a difference to pensioners, particularly if prices fall as expected next year.

The Chancellor also announced extra help for my Department next year. That £1.3 billion package will ensure that we can respond to the higher number of people claiming benefits. Over the past decade, we have reformed the welfare state to match more support with more responsibility. Yesterday's announcement will enable us to continue our reform of welfare, to offer real help to people in these tough times. We will be able to maintain the service we provide, and strengthen our response in three ways.

First, we need to make the right support and conditionality available. We need to ensure that Jobcentre Plus can deliver as good a service as it does today to more people tomorrow. In the past, Governments have cut back on support and conditionality as the claimant count has risen. We want to do the opposite, and do more to help people, rather than less. Over the past 10 years, we have modernised our employment services almost beyond recognition. People used to get benefits from one agency and job advice from another—now someone cannot sign on without looking for work. Jobcentre Plus takes 80,000 calls a week, and its website gets 350,000 visits a day. The National Audit Office reports that

> "the Organisation for Economic Co-operation and Development found significant improvements in unemployment levels in the United Kingdom…related closely to the adoption of active job-seeking measures".

Therefore, our first priority remains to ensure that everyone continues to receive this top quality service, and I am pleased to say that the system is coping well. Our target for jobseeker's allowance is to process all new claims within 11½ days—in the year to date, we are processing them within an average of 10. For our crisis loans, demand has gone up, but processing times continue to fall, and budgeting loans are being dealt with 20 per cent. quicker than their target time.

But with higher levels of claimant count, we need further investment. The extra money that the Chancellor announced yesterday will ensure that we are able to maintain and expand our offer during a time of increased pressure on our services—help with CV-writing and job search, and time with personal advisers to develop action plans; to identify skills needs; and to get support with training, child care and interview techniques.

We need to ensure we have the right capacity. In the last spending round the Department reduced its staffing by 31,000 and has increased productivity overall by 12 per cent., as confirmed by the National Audit Office. We have saved money in back office processing and used that to invest in the front line. So there are now 1,500 more personal advisers in Jobcentre Plus than there were two years ago. But we need to recognise that in the current economic circumstances, we need to invest more in our front-line services, so we are today announcing a moratorium on Jobcentre Plus closures, and I can also confirm that the pre-Budget report will mean 6,000 more front-line staff in place in Jobcentre Plus next year.

Secondly, we need to ensure that we reach people facing redundancy as early as possible. The Insolvency Service now informs Jobcentre Plus immediately of redundancy notifications it receives. We had already doubled the funding for our rapid response service. Yesterday, the money available was doubled again, allowing us to help all companies facing 20 or more redundancies. That service will bring people swift access to the £100 million that the Department for Work and Pensions and the Department for Innovation, Universities and Skills announced last month to help people retrain and develop their skills, so that they can move quickly back into sustainable work, like the workers at Butler and Tanner in Frome, Somerset, nearly 300 of whom lost their job when the printers closed in April this year. With the help of the rapid response service, it is estimated that 90 per cent. have now found new jobs.

We know that local employment partnerships, which help match the unemployed to employers looking to hire, have been successful. Already more than 70,000 of our most disadvantaged customers have started work under the initiative. Now we will be able to extend that to include those who are newly redundant, too.

We have also announced the national employment partnership. This group will be chaired by the Prime Minister and will include the heads of business and public sector bodies, with a remit to ensure that employers work with the Government to enable people facing redundancy to be moved as quickly as possible into new jobs.

Thirdly, over the past 10 years, we have also opened up our service to private and voluntary sector providers. As David Freud recognised, that allows us to get the best of both worlds with Jobcentre Plus providing the core support and processing, and specialist providers helping those who find it hardest to get back into work.

Despite opposition to them from some parts of this House, the new deals have been successful, but they need to become more personal to the individual rather than being based on age, so we are introducing the flexible new deal. Some concerns have been expressed about the viability of these contracts in new economic circumstances. I am glad to report that we have compliant bids from 24 organisations and we have a minimum of four organisations competing for each of the contracts on offer. But it is important that we do invest more in the flexible new deal, both to give providers confidence but also to make sure that this time people who are further from the labour market are not abandoned. Some people say that there is no point helping people furthest from the labour market in the current circumstances. We say the opposite: when times are harder, we should be giving people more help, not less.

This Government are taking action, including action on the economy and action to help people face the effects of the global crisis. That is the right thing to do for this country, for individuals and for jobs. The £1.3 billion will help those who are newly facing redundancy and those who have been out of work for longer: more front-line staff, and more money for our private and voluntary providers, so that we can maintain our active regime. For those who have been out of work for some time, we will maintain and accelerate our overhaul of the welfare system to do everything we can to bring them back closer to the world of work. We will give more help now, to prevent individual tragedies today from becoming the scars on communities tomorrow. I commend this statement to the House.

Chris Grayling (Epsom and Ewell) (Con): May I start by thanking the Secretary of State for an advance copy of his statement? I listened with astonishment as he kept on trotting out all the old, discredited claims about the Government's record on employment. Before the recession even started, their record was lamentable, despite all the boasts and all the misleading statements, such as the Secretary of State's claim that Britain has had record levels of employment. That is just not true. Britain had a higher proportion of people in work in both the 1970s and 1980s.

The past decade has been one of wasted money and wasted opportunities. The vast majority of new jobs have been in the public sector, and not the private sector. Most new jobs have gone to migrant workers and not to British-born benefit claimants. The number of young people who are not in education or employment is 20 per cent. higher than a decade ago, despite the billions of pounds that have been spent on the Government's mostly ineffective new deal programmes, described recently as a "calamity" by the right hon. Member for Birkenhead (Mr. Field).

Before the recession started, the number of British people in work had already fallen by more than 300,000 in three years, so things were already getting worse. The number of people claiming incapacity benefit has barely changed for a decade and tens of thousands of unemployed people were excluded from the statistics because of clever manipulation of the figures by Ministers. For 10 years, the Government did not fix the roof when the sun was shining. Ministers have left themselves to run a marathon with holes in their shoes before they have even crossed the starting line.

We are now seeing jobs axed at a rate of more than 2,000 a day and we have the fastest rising unemployment since 1992. The OECD says that that will get worse and that unemployment will rise faster in Britain than in any other G7 country. Even the pre-Budget report yesterday forecast steeply rising unemployment—small wonder that the DWP needs more money to cope with the challenge.

No doubt that will help with the moratorium on jobcentre closures—what a farcical announcement that was. The Government have closed 492 jobcentres since 2002, and since unemployment started to rise in January they have closed a jobcentre a week. Guess how many they were planning to close next year? Three. Some moratorium. They have already nearly finished the closure programme.

With what else does the Secretary of State meet this tremendous challenge? Another committee, chaired by the Prime Minister. What a relief that will be to the thousands of people who are nervous about their jobs. There is no help for the large numbers of people in our smaller firms who face redundancy. The business tax cuts, designed to help smaller companies, are due to last for one year, even though the Government say that unemployment will continue to rise into 2010.

The Secretary of State boasts about the flexible new deal without saying that it will not even start for another year. Will he confirm that under the flexible new deal young people will have to wait 12 months and not six before they are eligible for new deal help? He could have announced the suspension of the rules that stop people retraining. We asked for that two weeks ago, so will he now take up our proposal to allow all jobseekers to train immediately rather than having to wait to be referred to the new deal? Have the employers joining the national economic partnership specifically committed to creating new jobs? If so, how many have done so? How will the Government ensure that small businesses that are considering making redundancies are aware of the rapid response service and will make use of it?

Why did yesterday's statement not contain a real employment programme with incentives to employers to take on new staff of the kind for which we have

[Chris Grayling]

called? When we launched our proposals, the CBI described them as "imaginative" and said that they would help

"small businesses keep people in work".

The Secretary of State has announced today a sticking-plaster solution to the biggest challenge that we face as a nation. Unemployment is set to rise sharply and the Government have no idea of how to deal with it. They have wasted 10 years of opportunity and are now out of money and out of ideas. Ten years ago, the Government inherited an unemployment rate that was falling fast. It looks as if they will do just the opposite for their successor.

James Purnell: That was absolute confirmation that the Tories are now the do-nothing party. We are offering real help to people in difficult times. Those on the Opposition Front Bench have absolutely nothing to offer people because they are setting themselves apart from the orthodoxy around the world that we need both monetary and fiscal action now to help the economy. The right thing to do is to ensure that the problems with the economy are as short and shallow as possible, to reduce the cost to people now and to the economy in the long run. That is exactly the opposite of what the Tories did in the '80s and '90s, when they said that unemployment was a price worth paying. They wanted us to believe that they had learned those lessons, but even this week the shadow Health Secretary said that a recession

"on many counts…can be good for us".

We have the Conservative deputy chairman saying that the recession should take its course. The only thing that we need to know about the Conservative Front Bench is that its members have not learned the lessons of the 1980s and 1990s, when they massaged and fiddled the unemployment figures and put millions of people on to incapacity benefit rather than helping them. In the middle of the 1980s, there was no requirement that people look for work. The then Conservative Government did not provide support or reform the welfare state as they should have done, but those are exactly the things that we will continue to do.

I turn now to the points made by the hon. Member for Epsom and Ewell (Chris Grayling). He trotted out his list of figures but, as I mentioned when we last discussed these matters, they are rather esoteric interpretations of the facts. He said that more public sector than private sector jobs had been created, but that is simply wrong: three quarters of the jobs that have been created are in the private sector. He said that we had a lamentable record on employment, but we had the second-highest level of employment in the G7—second only to Canada.

The hon. Member for Epsom and Ewell said that we were not going to act on unemployment, but we are proposing a package today that his party would not have proposed in the past, and could not propose today, because it is ideologically against taking action now to help people through the downturn. The Government will act because we understand the scars that the Conservative party left on communities, and we are determined to make sure that that never happens again.

Mr. Terry Rooney (Bradford, North) (Lab): I welcome my right hon. Friend's statement today, but does he agree that it is as important to keep people in work as it is to get them off benefits and back into work? In respect of the Government's response to Dame Carol Black, 300,000 people a year move from work to incapacity benefit, so is it not time that we dealt with the anomalies and inefficiencies of statutory sick pay? Should we not address that as an issue in the first six months of sickness, rather than wait until 12 or 18 months down the line?

James Purnell: I am glad that my hon. Friend welcomes that report and the Government's response to it, and he is right that we need to look at the incentives open to employers. He will have seen in our response that we want to work with employers, and we will be happy to work with his Committee on how we can change the incentives for people. We must make sure that every part of the system has the right incentives to keep people in work, because we know that being in work is, in the main, good for their well-being. It is not in the interests of individuals, employers or the Government for people to fall out of work if they can stay in work.

Our response today makes a significant advance in addressing Dame Carol Black's points, but we are happy to look at whether an even more fundamental change to people's incentives is possible. We would be happy to work with my hon. Friend's Committee on that.

Paul Rowen (Rochdale) (LD): May I also thank the Secretary of State for giving notice of his statement? I also welcome the moratorium on jobcentre closures although, as the shadow Secretary of State said, few were planned for next year. In view of that, and of the rising unemployment in certain areas, does the right hon. Gentleman have any plans to reopen closed jobcentres, especially in rural areas or areas where there are unemployment hotspots? Since December, the number of jobseeker's allowance claims has risen from 30,000 to 66,000. Is the Secretary of State planning to use the additional staff to ensure that the processing of claims is improved?

We were told earlier this year that there would be a review of the social fund. One consequence of people who become unemployed facing delays in processing and the two-week delay in payment is that they have to apply for a crisis loan. When will he announce the results of the review, and is he going to employ more staff to process those social fund loans?

I agree that engaging with employers is an important part of the job of Jobcentre Plus, but under the flexible new deal people have to wait 12 months before they get intensive support. They have to wait six months for basic support, yet the Freud report said that early intervention was essential, especially for vulnerable people. Does the Secretary of State have any plans to change the flexible new deal, so that intervention can take place much earlier, especially for vulnerable or young people?

Finally, one consequence of yesterday's PBR was that some investment in public sector schemes will be brought forward. What discussions has the Secretary of State had with other Departments, such as the Department for Children, Schools and Families or the Department for Transport, to ensure that employers getting the contracts for those schemes are encouraged to take people off the unemployment register?

James Purnell: I am sure that the hon. Gentleman will welcome the fact that it is actually 25 Jobcentre Plus offices that will be affected. I was slightly perplexed by his reference to rising processing times because they are within target and have been falling. Thanks to Jobcentre Plus staff, who have been working overtime and opening at weekends, we have maintained the service to which we are committed. We could not do that without extra investment next year, which is why the money coming in now is so important. It is the same for budgeting loans and crisis loans. We process crisis loans within two days, which is again under our target. It is important that we maintain those processing times because it is clearly important for people to get their money as quickly as possible.

The hon. Gentleman is right to say that we are looking at the social fund. We commissioned a report from KPMG on it, and we will make proposals shortly. There is probably some agreement around the House that, if we can use that money to improve people's financial skills and give them the help to bridge their way through difficulties and get back into work, that will be a very good thing.

We obviously want to make sure that the flexible new deal is effective. The proposals that we will make build very much on David Freud's recommendations. He said that the new deal should work effectively, but having separate new deals for disabled, older and younger people meant that we were treating people according to their category rather than their personal circumstances. The flexible new deal frees providers to do what they do best, which is to innovate, and rewards them according to their achievements. The better they do, the more money they will get and, again, the money that we have announced today means that we can cope with the higher volumes and give providers confidence that we will be able to do that.

We keep under review whether we should fast-track people on to the flexible new deal. People in many of the categories that the hon. Gentleman mentioned can already volunteer to go to that stage and young people who have been out of education or training—NEETs—can and will be fast-tracked to the intensive stage of Jobcentre Plus help and then on to the flexible new deal. We will keep that under review.

It is important to say that the rapid response service and the £100 million allows that help to be provided to people even before they fall out of work, so the hon. Member for Epsom and Ewell was wrong to say that people have to wait to get trained; they do not even have to be unemployed to get training because they can get access to it before they fall out of work. The earlier we help people, the easier it is to ensure that they find their next job.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): As the Member of Parliament whose constituency under the Conservatives was No. 1 in Great Britain for long-term unemployment and No. 1 in England for youth unemployment, may I thank this Government for the new deal, which the Conservatives opposed and the funding of which the Liberal Democrats opposed? Employment in my constituency has been transformed by the new deal and the local employment partnership, which has just provided 130 jobs at the new Tesco in Gorton. The direct training centre is training men and women to be builders for the new increase in building that will result from the Government's policies announced this week.

James Purnell: My right hon. Friend is right that the new deal has had a fundamental effect on unemployment. It has reduced long-term unemployment by three quarters. As he says, unemployment was one of the scars left from the 1980s, which he remembers so well.

The problem that would occur under the Opposition's policies is that they would have to cut programmes, slow welfare reform and reduce the help available to people, because they are against the extra money that the Government put in yesterday.

Mr. Hugo Swire (East Devon) (Con): Like so often, the headline announcements by the Government do not bear close examination. It is all very well announcing a moratorium on jobcentre closures due next year, but it is not much good to my constituency, which saw all three of its jobcentres close in January in Sidmouth, Exmouth and Axminster. Will the Secretary of State pledge today that he will re-examine whether there is a genuine case to reopen jobcentres, especially in deprived areas? Two of my wards in Exmouth—Town and Littleham—are in the upper quartile of deprivation on the national indices. Will he look at whether there is a genuine case for reopening jobcentres where they are needed—close to the people who need access to them?

James Purnell: I can give a guarantee that we will provide the service that people need. That is our commitment. We deliver services now through Jobcentre Plus, children's centres, GP surgeries and other community settings. If there are ways in which the hon. Gentleman thinks that we should improve the service in his area, I shall be happy to listen to them.

Alan Simpson (Nottingham, South) (Lab): It seems perverse that at a time when there has been a severe contraction in the construction industry, Eaga, which is responsible for implementing the Government's warm homes programme, just last week said that any household in fuel poverty which applies for assistance will not be able to get it until the end of this winter because it does not have enough qualified people to deliver the upgrading of properties and the replacement of heating systems. Will my right hon. Friend ask the Prime Minister, in the new partnership committee that he is considering, to seek ways of dovetailing local ownership of identifying where we have work that needs to be done this winter with the availability of the skills that need to be harnessed to deliver the upgrading work?

James Purnell: I can give that guarantee. Indeed, one of the things that we have discussed is how we can ensure that the UK can capitalise on the opportunity offered by the initiative that my hon. Friend mentions in particular, and green jobs in general. There are significant opportunities for jobs growth in that area, and I am working with many Departments, in particular the Department of Energy and Climate Change, to make sure that we achieve that.

John Penrose (Weston-super-Mare) (Con): The Secretary of State has announced a national employment partnership, a group to be chaired by the Prime Minister. Will that not be just another talking shop?

James Purnell: There was a similar scepticism when the then Chancellor, who is now the Prime Minister, announced local employment partnerships, yet they

[James Purnell]

have helped 70,000 of the hardest to reach people into work. We are now saying that we want to ensure that that initiative is available to people who have recently been made redundant as well. We think that it is right to work with many of the larger organisations, such as Whitbread, Asda and Tesco, which have been very supportive of that, and have ensured that they offer people work trials and guaranteed training. If we can make our system as flexible as possible so that people are ready to go into work, and employers can play their part in saying that they will take people on as quickly as possible, we can help to fill those half million vacancies and reduce the effect of the downturn on our economy.

Mr. David Winnick (Walsall, North) (Lab): In the 1980s the west midlands was devastated by unemployment. Does not today's statement demonstrate that, in contrast to what happened then, those who lose their jobs now will not be treated with indifference and contempt? If politicians do not want to lose their jobs, neither do our constituents.

James Purnell: My hon. Friend is right, of course. What he will see from this Government is real action, as I said. What we saw from the Conservative Front Bench was a scheme, to which the hon. Member for Epsom and Ewell referred, which fell apart within a day of being announced. The Institute for Employment Studies said that the scheme was almost 100 per cent. dead-weight, and the Federation of Small Businesses said that it would be a disincentive to hiring people who have recently become unemployed. It is because the Conservatives were not prepared to spend money in the downturn that they had to squeeze the scheme to the point of pretending that it did not cost any money. That is the difference between us. We are prepared to take action. They are not prepared to do anything to help people.

Adam Price (Carmarthen, East and Dinefwr) (PC): On the brink of the biggest economic downturn the world has seen since the 1930s, does it make sense either morally or economically to compel single parents to chase non-existent jobs in a deteriorating labour market, and threaten to reduce their benefits by up to 40 per cent. if they do not? Cutting automatic stabilisers in the midst of a recession is the mistake that the National Government made in 1935 when they introduced the means test. The Labour party then opposed Conservative policies. Why are they implementing them now?

James Purnell: That is the opposite of what we are doing. We are making the automatic stabilisers work even better. That is why we have announced an extra £60 in the Christmas bonus for pensioners. That is why there is a significant uprating of the pension—the biggest that we have had under this Government. That is why we are bringing forward child benefit increases. That is exactly why we have a £145 tax cut for people. Those things are making the automatic stabilisers work.

Surely if we can get even one extra lone parent into work because of that support, that is a good thing. If, as we believe, we can get more than 70,000 more lone parents into work, that is families helped and lives transformed. We do not penalise people for not finding a job. We know that our support works, and we want people to take it up. That is why the system was created as it was. Ever since 1911 there has been conditionality in the system, and that is exactly what we will continue to have.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): May I inform the Secretary of State that I was a marcher on the people's march for jobs in 1983, when more than 3 million people were unemployed and the Tories did absolutely nothing about it? They were the do-nothing party then, and they are the do-nothing party now. I welcome the Government's proactive stance, but people who are employed in a company with fewer than 20 people may become unemployed and have no real experience of the benefits system. How will the extra resources be used to make them familiar with, and less fearful of, the process?

James Purnell: The rapid response service will be available to any company, making whatever level of redundancy, if they want to contact us. We guarantee that we will contact any company with more than 20 redundancies, and what my hon. Friend suggests is exactly what we will do: we will go in there and help people understand the benefits system and what they are entitled to. We will also, I hope, try to get them back into work before they have to sign on, by helping them look for work and with retraining, and by doing exactly as she suggests.

Sir Nicholas Winterton (Macclesfield) (Con): Aearo Technologies, a subsidiary of 3M, based in Poynton in my constituency, is taking 90 jobs to Poland. AstraZeneca, the largest employer in my constituency and essential to this country's economy, is shedding more than 1,250 jobs over three years. The reason that it gives is uncompetitiveness in this country and the importance of the competitive global market. How will the increase in national insurance improve the situation?

James Purnell: How would cutting back public spending now, in the middle of a downturn, improve the economic situation? That is the folly of the Opposition's policy: they would introduce fiscal tightening in the middle of an economic downturn. We propose to help the economy in the short term, and to make the downturn shallower and shorter, so that when the economy starts to grow, we can credibly say that we will live within our means and return the budget to stability. That is absolutely the right thing to do.

Judy Mallaber (Amber Valley) (Lab): I am pleased that Belper jobcentre is staying open, because although it is the constituency of West Derbyshire, it helps a number of my constituents. I also welcome the extra resources for the rapid response service to help those facing redundancy. But, to clear up any confusion, will my right hon. Friend confirm that the service is available not just to the private sector, where it has proved invaluable in the past, but to public sector organisations, such as Tory-controlled Amber Valley borough council, which is planning a large number of redundancies because of its complete financial incompetence?

James Purnell: Yes.

Mr. Peter Bone (Wellingborough) (Con): Can the Secretary of State tell us what the following constituencies have in common: Birmingham, Hodge Hill; Bolton, South-East; Bolton, West; Bury, North; Eastleigh; Halesowen and Rowley Regis; Islwyn; Leicester, East;

Leigh, Milton Keynes, South-West; North-East Milton Keynes; Rossendale and Darwen; South Swindon; Corby; Kettering; and Wellingborough? If he does not know, I can tell him that unemployment is higher there now than it was in 1997.

James Purnell: I am not sure what the hon. Gentleman's question was, but the facts are that unemployment hit 3 million twice under the Conservative Government, that it was 1.6 million when we came into power, and that it is under 1 million now.

Nigel Griffiths (Edinburgh, South) (Lab): May I tell my right hon. Friend that in Edinburgh, South in 1997, 2,037 people were languishing on the dole, but that this summer, thanks to the efforts of the new deal and this Government, that number fell to 667? I feel sorry for my right hon. Friend, because I know that he was waiting for an apology from the Opposition Front-Bench team for their policies of mass unemployment in the 1980s and 1990s, which they would bring back in this century.

James Purnell: My hon. Friend is right, and judging by the comments of the shadow Health Secretary, it seems that they still have not learned their lesson.

Christopher Fraser (South-West Norfolk) (Con): Unemployment in my constituency has risen by 21 per cent. in the past year. Jobs have been lost in the manufacturing town of Thetford, and more are at risk. What would the Minister say to employers in my constituency, who fear that the proposed cut in VAT will do little to stimulate demand for British goods and preserve jobs in the manufacturing industries?

James Purnell: There is a £12 billion stimulus to the economy, and we very much hope that that will help the hon. Gentleman's constituents. If any of them are at risk of losing their jobs, we clearly share his worry about that. The rapid response service is there to help people if they do lose their jobs, but the whole point of yesterday's pre-Budget report was to ensure that that is less likely. It included £7 billion of help for small businesses.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): People in Chapeltown in my constituency will be very relieved today to hear that their jobcentre is one of the 25 that will remain open, but will my right hon. Friend also consider developing employment support services in the jobcentre, alongside the housing service and the voluntary sector, so as to serve better the needs of the long-term unemployed in that area?

James Purnell: We are certainly happy to consider that. As my hon. Friend knows, we are rolling out a new approach whereby people will be able to claim from Jobcentre Plus not only their benefits but their tax credits and housing benefit. They will be able to go to one place and get the information sorted out through one organisation, rather than through many different ones.

Mark Pritchard (The Wrekin) (Con): The Secretary of State questioned the statement, made by my hon. Friend the Member for Epsom and Ewell (Chris Grayling), that two thirds of all new jobs are being created in the public sector. However, that was also a lead story in *The Sun* today. Has *The Sun* got it wrong?

James Purnell: As I understand it, the Office for National Statistics has made it clear that three quarters of jobs are created in the private sector.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I congratulate my right hon. Friend on his announcement that planned jobcentre closures, including that of the one at Shepherd's Bush, will not proceed. That Shepherd's Bush jobcentre is literally next door to the Westfield shopping centre, which has created 7,000 new jobs. However, the Tory council, which should have negotiated the employment benefits, has admitted that only 268 of the jobs are going to local people, and it has itself just issued redundancy notices to 4,700 people. Will my right hon. Friend assure me that the reprieved jobcentres will get the resources to help my unemployed constituents, whom the Tories have clearly abandoned again?

James Purnell: Absolutely. I pay tribute to my hon. Friend and other colleagues who have campaigned so hard for this announcement. He is right to say that the extra investment is needed, and the £100 million that we have said will be available will help his constituents, among others, to get exactly that help.

Bob Spink (Castle Point) (Ind): I welcome the statement and thank the Secretary of State for all that he is trying to do. Many thousands of my constituents are specialised, highly skilled finance and banking workers in the City. Their sector has been particularly hit by the credit crunch. Is there anything special that we can do to help them if they are made redundant?

James Purnell: Absolutely. The £100 million is there to get to people even before they lose their jobs. People may have banking skills that are highly transferable to other areas. With a little bit of quick retraining, we may be able to get such people back into work even before they fall out of work. If they do sign on for benefits, I should say that we give exactly the same priority to services for people with professional backgrounds as we give to services for people from different backgrounds.

Joan Walley (Stoke-on-Trent, North) (Lab): I welcome the statement on the extra measures that the Secretary of State has taken. However, the moratorium on jobcentres will come too late for Burslem. Will he revisit the whole issue of how we can get the skills match and the front-line staff needed to help with regeneration and the whole job market? Will he meet me to see how we can achieve more in Burslem?

James Purnell: We are happy to consider how we can deliver the service. As my hon. Friend knows, we have modernised it so that there is now one agency, Jobcentre Plus, where before there were two. We take 80,000 calls a week and there are 350,000 visits a day to our website. That is a way of making sure that we help people. If my hon. Friend feels that more is needed, we will be happy to discuss that with her.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does not the Secretary of State's announcement of a major increase in spending on the flexible new deal for the long-term unemployed show that he is predicting a major increase in long-term unemployment? Does he

[Mr. Oliver Heald]

agree with the Social Market Foundation, which has said that in the course of this recession, long-term unemployment—of more than 12 months—is set to quadruple?

James Purnell: Unemployment has fallen by three quarters since 1997. We do not predict unemployment levels. Obviously, we look at the independent predictions of independent experts, but it is not for the Government to make predictions of that kind.

Mr. Lindsay Hoyle (Chorley) (Lab): I welcome the statement made by my right hon. Friend today. However, will he look into a particular aspect of the situation of people who have lost their jobs? They are in a bad situation, but the most disheartening part of being unemployed is finding a vacancy, only to discover that it was filled two weeks earlier, although it is still being advertised at the jobcentre. Will my right hon. Friend try to ensure that people do not waste their time in that way, that the employers who advertise in jobcentres notify them straight away when vacancies are filled, and that the jobcentres take down the notices about jobs that have been filled?

James Purnell: That is absolutely right. We depend, of course, on employers telling us when a vacancy has been filled. One of the things that the extra investment will do is to allow more people to work with employers, to get as many vacancies as possible advertised through Jobcentre Plus, so that they can respond to my hon. Friend's point.

Mr. Christopher Chope (Christchurch) (Con): The Government were very sympathetic to workers at JCB who accepted a reduction in pay in order to try to remain competitive and keep their jobs—but that flexibility is not available to people on the minimum wage. Will the Government extend the same flexibility to people on the minimum wage, so that if they choose to accept a lower wage in order to retain the right to work, they can do so?

James Purnell: I think that we saw some Members nodding at that. That exposes the true face of the Conservatives, who opposed the minimum wage and said that it would cost 2 million jobs—yet in fact there are 3 million more jobs in the economy.

John Battle (Leeds, West) (Lab): I welcome my right hon. Friend's statement. Will he ensure that the rapid response service goes for early intervention on skills training, so that if there is even a hint of redundancy in even the smallest firm, people start thinking about skills training as opposed to just looking at adverts for another job, so that this time a redundancy notice for any person may be seen as a chance to upgrade their skills—unlike what happened last time under the Tories, when people were left stood in dole queues and at home without hope?

James Purnell: I absolutely can give my right hon. Friend that guarantee. That is exactly what the rapid response service does. The hon. Member for Epsom and Ewell was wrong to say that people cannot train when they are on jobseeker's allowance. He should read the Green Paper, which makes it clear that we have abolished the 16-hour rule where people are training to get themselves back into work.

Mr. Graham Brady (Altrincham and Sale, West) (Con): More than 250,000 young people have already been through the new deal twice, and 80,000 have been through it three times. What does the Secretary of State propose to do to ensure that the new deal genuinely prepares people for work? Is it not just a revolving door that keeps them off the register of the long-term unemployed?

James Purnell: The National Institute of Economic and Social Research, an independent organisation, has said that the new deal pays for itself, and it has helped to cut long-term unemployment by three quarters. We are reforming the flexible new deal on the lines that David Freud suggested, using private and voluntary providers, giving them the freedom to innovate, and rewarding them on the basis of results. Although the Conservatives say that they are against that, it is exactly the approach that they say that they would follow as well.

John McDonnell (Hayes and Harlington) (Lab): I welcome the additional 6,000 staff in the jobcentres. Was that figure calculated on the basis of a ratio between staff and the numbers of unemployed? If so, will there be an automatic increase in staff beyond that 6,000 if the numbers of unemployed go up beyond the Government's current expectations?

James Purnell: Clearly, we use a range of scenarios and base our plans on that approach. I can give my hon. Friend my commitment that we will ensure that the service delivers for people's needs, and we will do that not only by investing more but by continuing our efficiency programme, which has enabled us to shift resources from the back office to the front office and to increase the number of personal advisers by 1,500.

Pre-Budget Report

4.17 pm

Mr. George Osborne (Tatton) (Con): I beg to ask leave to debate a specific and important matter that should have urgent consideration namely,

yesterday's pre-Budget report.

It is an absolute disgrace that the Government have not conceded a debate on this, for it was not just a report but a crisis Budget and a reckless gamble with the public finances. It introduces a £20 billion fiscal loosening and a £40 billion package of future tax increases. The VAT changes, which add £12 billion to the national debt, will come into force next Monday, before any parliamentary approval is possible and without the opportunity to raise the widespread scepticism that the public and retailers have expressed about its merits and costs. The prospect of a rise in national insurance, which the Institute for Fiscal Studies has just confirmed hits anyone on an income of over £19,000, is already damaging confidence in a future recovery. The news that the Government are set to borrow more than any Government in history, and that the national debt will double to £1 trillion, has shocked the entire country.

If this had formally been called a Budget, there would now be four whole days of debate on it; instead, this Government refuse to have even one. They are running away from the argument, because they are losing the argument. These are the issues that the entire country is talking about, and I believe that we should be debating them in this Chamber. That is why, Sir, I seek this debate.

Mr. Speaker: The hon. Gentleman asks leave to debate a specific and important matter that should have urgent consideration, namely the pre-Budget report. I am satisfied that the matter raised by the hon. Gentleman is proper to be discussed under Standing Order No. 24. Has the hon. Gentleman leave of this House?

Hon. Members *indicated assent.*

Mr. Speaker: I think that the hon. Gentleman has leave. The matter will now stand over until the commencement of public business tomorrow, when debate will take place for three hours.

Points of Order

4.20 pm

Tony Baldry (Banbury) (Con): On a point of order, Mr. Speaker. May I ask for your guidance on the convention regarding written ministerial statements? If one looks at the small print of the pre-Budget report, one finds a number of issues about which one would have expected to have a written ministerial statement, at the very least. For example, there is a statement relating to the Defence Storage and Distribution Agency in my constituency, which employs a large number of people. It says that the Government are intending to examine "alternative business models". In the normal course of events, we would have expected a written ministerial statement on that, and it seems unreasonable that within the pre-Budget report a number of issues affecting our constituents, people who are working and people who are worried about the future of their jobs, are thrown away in a couple of lines in the footnotes. That is unacceptable and unfair.

Mr. Speaker: I have said that there will be a debate tomorrow, and if the hon. Gentleman catches my eye, he can speak then.

Nigel Griffiths (Edinburgh, South) (Lab): On a point of order, Mr. Speaker. Is it in order for hon. Members to pile into this Chamber—

Hon. Members: Yes!

Mr. Speaker: Order. Nigel Griffiths.

Nigel Griffiths: Is it in order for them to pile into this Chamber on an important statement on employment, in which they have shown no interest, in order to demand a statement tomorrow? Why should it be that those who have no interest in the issue of unemployment—because they created so much—should have such a say in this place? *[Interruption.]*

Mr. Speaker: Order. It is up to right hon. and hon. Members when they come into the Chamber. All I can say is that there have been occasions when I have been sitting in this Chamber when there have just been a few hon. Members attending to important matters. I often wish that they would pile in more often.

Mr. Kenneth Clarke (Rushcliffe) (Con): On a point of order, Mr. Speaker. Now that you have allowed three days—[HON. MEMBERS: "Three hours!"]—three hours' debate, may I ask you whether there is any procedural reason why the Leader of the House, who is sitting in her place now, should not rise to alter the business of the House for tomorrow and the day after, to allow a full debate on what has been the most significant Budget statement we have had for the last couple of decades? Would you invite her to do so? We are meant to have control over taxation and public spending in the House, which is what makes us the supreme legislature in the country—in theory.

Mr. Speaker: The right hon. and learned Gentleman must not push his luck. I gave him three hours, not three days. I said that the debate would begin at the commencement of public business tomorrow, so there is no need for the Leader of the House to do anything. I have made a ruling that the debate will take place then.

Children (Protection of Privacy)

4.24 pm

Kerry McCarthy (Bristol, East) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision to protect children's privacy in the media; to make provision for the protection of children from avoidable emotional distress resulting from participating in, or being the subject of, media programmes or reports; and for connected purposes.

I must admit that when I saw all the hon. Members piling into the Chamber, I thought that they had come to hear me. A few have remained, but unfortunately most have now piled out again.

I would not want people listening to this debate to think that I had misspent most of the summer recess watching television, but I did perhaps leave for the office a little later in the morning and arrive home a little earlier in the evening, and I did enough channel-hopping to rekindle my intention to initiate the debate that I want to raise today. I say "rekindle", because I have been concerned for some time about just where we draw the line in deciding whether children should be the subject, directly or indirectly, of some of our more voyeuristic and sensationalist television programmes.

We have often debated in the House the issue of children as the viewers of television programmes, whether we are discussing whether advertisements for junk food should be banned during children's broadcasting or expressing concern about what is shown before and after the watershed. Fairly strict guidelines are in place about the use of child actors in television or the theatre, which include a local licence scheme. When it comes to reality TV, fly-on-the-wall documentaries and daytime talk shows, however, it appears that the boundaries of what is acceptable are becoming increasingly blurred. I am particularly concerned about programmes that show children becoming distressed or which highlight their emotional or physical problems or their dysfunctional family lives.

A colleague made a good point to me yesterday: in the past, such issues were usually addressed by making drama programmes, which would handle the issues much more intelligently and sensitively. We all remember programmes such as "Cathy Come Home" or "Boys from the Black Stuff", which were compelling pieces of social observation. Today's equivalent, however, would be to stick television cameras in every room of someone's house and then edit the programme to show the arguments and tears of a family tearing itself apart. We have seen a surge of such programmes over the past few years—programmes that feature real children in real-life settings, such as "Wife Swap", "Brat Camp", "Teenage Tourette's Camp", "Can Fat Teens Hunt?" and "I Know What You Ate Last Summer". For "Brat Camp", the TV company's promotional blurb ran:

> "What do you do if your teenage kids are rude, abusive, on drugs and out of control?"

The answer seems to be: put them on TV.

Some programmes handle their subject matter more sensitively than others. I recently saw part of a Channel 4 production, "Dana: The 8-Year-Old Anorexic", which was about a girl who weighed just 8 stone and who restricted herself to 175 calories a day. The programme provided an insight into the condition and a warning that girls—and young boys, too—are at risk of developing anorexia, but we are talking about a child with a form of mental illness, for that is what anorexia is. Could the same point not have been made without parading all the details of that child's life on television?

Many of the shows that are of concern are parenting programmes, such as "Supernanny", "Little Angels" and "The House of Tiny Tearaways". I am not going to pass judgment on whether such programmes are educational or exploitative, not least because watching screaming toddlers is not my idea of entertainment; indeed, I have rarely managed to last more than five minutes before switching the television off. However, concerns were raised this year by the UN Committee on the Rights of the Child, which said that the Government should

> "Intensify its efforts...with the media, to respect the privacy of children...especially by avoiding messages publicly exposing them to shame".

The shows that concern me most, however, are the daytime talk shows, of which "The Jeremy Kyle Show"—described by a judge in a recent criminal court case as "human...bear baiting"—is the most notorious example. The programme serves up damaged people in dysfunctional relationships for entertainment. It is the modern-day equivalent of the freak show. Some shows feature children as participants, but the ones that I want to highlight today do not. Let me quote some titles: "If I can't have children, how can it be my baby?" and "Stop ignoring your daughter—I'll prove you're the dad!". Then it gets even more complicated: "Brother—I'll prove I'm the father to your ex-girlfriend's baby!" and "Admit you're a prostitute then prove my boyfriend's the dad".

After the unedifying spectacle of those couples or former couples airing all their dirty linen in public, the matter is resolved with a DNA test result being announced live on air. I watched one such show last week—purely in the interests of research, of course—which involved a young mother and three young men, each of whom could have been the father of her eight-month-old baby. One had been in prison when the baby was most likely to have been conceived, but was now back in a relationship with her. The second, who was one of his mates, had got together with her once the first had gone inside and had acted as the child's father while he was in prison. Indeed, the second young man even had the child's name tattooed on his neck. The third young man was someone whom she had picked up on the way home from a nightclub and who, when told that he might be the father, had urged her to have an abortion. Of course, when the DNA test results were revealed live on air, it was the last young man—the one who did not want the baby—who turned out to be the father.

People might make excuses and say that there is a public interest in showing such programmes or that they may encourage young women and men to be more careful about having unprotected sex. That would certainly be Jeremy Kyle's excuse. One might say that the show's producers will ensure that counselling is provided to the participants and that the young man involved will be given advice on how to be a good father, or that the participants do the shows of their own free will.

Someone from ITV called me today and told me that the channel adheres to strict internal guidelines and to those in the broadcasting code. It always requires parental consent for under-16s to appear on a programme, and DNA tests are carried out only when it is an essential part of the storyline—a statement that is slightly disingenuous given that the storyline is usually about who the child's father is. It does not do DNA tests on school-age children, and does them only rarely on children over 18 months old—again, it is not done unless it is essential to the storyline—so the DNA tests mainly involve babies.

One might say that what a baby does not know will not hurt them, but the chances are fairly high that a baby who features on such a television programme will find out about it when they grow up. People in the neighbourhood will not forget about it, and the child's future schoolmates will find out about it, so they risk humiliation and bullying, and feelings of rejection and hurt. I cannot help feeling that even if they do not find out about the programme, there is something plain wrong about it. Perhaps we do not use that word often enough these days.

The obvious line of defence is that it is ultimately the parents' prerogative to decide how they bring their child up and to what degree they protect their child from or expose them to the risk of humiliation, embarrassment, bullying or worse. However, parents are enticed and encouraged by the media to appear on such shows, and anecdotal evidence suggests that they are not always sure what they are letting themselves in for. Carole Cadwalladr recently wrote an excellent article in *The Observer* called "When reality bites, it leaves deep scars", which accused the show of disregarding evidence of a young man's mental health problems before he appeared on it. A DNA test was done, confirming that he was the father of a baby girl. When he was interviewed afterwards, he said:

> "I was totally stitched up...It was public humiliation...I just wanted the DNA test...And I didn't have the money to get it done...it just seemed that they didn't care."

I suspect that there is an element of snobbery involved with such programmes. People think that kids with parents like that will have such dysfunctional lives anyway, and will be exposed to such pernicious influences and will be so damaged that the programme is the least of their problems, but I think that we have to establish a marker in the sand. That is what I want to do with my Bill. Surely the overriding principle when children are involved with such television programmes, either directly or by association, should be whether the show's commissioning or broadcasting would be in their best interests.

The broadcasting code and the accompanying detailed guidance say broadly that due care

> "must be taken over the physical and emotional welfare and the dignity of people under eighteen who take part or are otherwise involved in programmes...irrespective of any consent given by"

a parent or guardian. Children

> "must not be caused unnecessary distress or anxiety by their involvement in programmes or by the broadcast of those programmes."

The National Society for the Prevention of Cruelty to Children believes that those guidelines do not go far enough, and it has set up an advisory body of experts to consider the welfare of children who participate in reality TV programmes. The NSPCC suggests that there should be greater recognition of the fact that it is often the most vulnerable families who take part in such programmes, and that parents and older children should have the right to veto any programme before its transmission. It also suggests that Ofcom should be

[Kerry McCarthy]

able to intervene before programmes are broadcast and that the use of children in such shows should be carefully monitored. I agree.

All I ask today is that the broadcasters should start to show more responsibility and that the relentless tide taking us towards ever more brutal, humiliating and degrading TV programmes should be halted, at the very least where children are concerned.

Question put and agreed to.

Bill ordered to be brought in by Kerry McCarthy, John Battle, Roger Berry, Annette Brooke, Ms Karen Buck, Alistair Burt, Mr. Tom Clarke, Andrew Gwynne, Dr. Doug Naysmith, Mr. Jamie Reed and Alison Seabeck.

Children (Protection of Privacy)

Kerry McCarthy accordingly presented a Bill to make provision to protect children's privacy in the media; to make provision for the protection of children from avoidable emotional distress resulting from participating in, or being the subject of, media programmes or reports; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 28 November, and to be printed [Bill 175].

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(11) (European Committees),

Defence and Security Procurement

That this House takes note of European Union Document No. 16488/07 and Addenda 1 and 2, draft Directive on the co-ordination procedures for the award of public contracts in the fields of defence and security; and endorses the Government's approach to the negotiations and its view that if, following European Council agreement on a text and negotiations with the European Parliament, the document remains within the UK's negotiating position, the Commission draft Directive could be supported.—*[Mr. Frank Roy.]*

The House divided: Ayes 335, Noes 167.

Division No. 336] **[4.34 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burstow, Mr. Paul
Burt, Lorely
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farron, Tim
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian

MacNeil, Mr. Angus
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morgan, Julie
Morley, rh Mr. Elliot
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, rh Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodward, rh Mr. Shaun
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and
Ms Dawn Butler

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C.
(Monmouth)
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Howell, John
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew

Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
James Duddridge and
Jeremy Wright

Question accordingly agreed to

DORMANT BANK AND BUILDING SOCIETY ACCOUNTS BILL [*LORDS*] (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions),

That the following provisions shall apply to the Dormant Bank and Building Society Accounts Bill [*Lords*] for the purpose of supplementing the Order of 6th October 2008 (Dormant Bank and Building Society Accounts Bill [*Lords*] (Programme)):

Consideration of Lords Message

1. Proceedings on the Lords Message shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Frank Roy.]*

Question agreed to.

Orders of the Day

Dormant Bank and Building Society Accounts Bill [*Lords*]

Lords message considered.

Clause 5

FUNCTIONS ETC OF A RECLAIM FUND

Lords amendment: No. 7A.

4.48 pm

The Economic Secretary to the Treasury (Ian Pearson): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to consider Lords amendment No. 10A. [*Interruption.*]

May I ask Members who are not staying for the debate to leave quickly and quietly?

Ian Pearson: One of the central threads of the many debates that we have had in both this House and the other place was the principle of transparency, particularly in relation to the use of powers set out in the Bill. I wanted to be clear that transparency has been and always will be crucial to the scheme, and the Government are committed to acting openly when exercising the powers.

The amendment seeks to insert into clause 5 this provision:

> "The Treasury shall lay before Parliament a copy of any direction given in subsection (4)."

Clause 5 includes a direction-making power, and we discussed the matter at some length in the Public Bill Committee. I would like to make it clear that the Government do not envisage using the direction-making power in the Bill to interfere in the day-to-day running of the reclaim fund and the management of its money. This will be the sole responsibility of the Financial Services Authority, which will regulate the reclaim fund for prudential purposes. I want again to stress first and foremost that it is not the case that the reclaim fund is a public sector body. The Bill sets out how the reclaim fund will be constituted. It does not establish a reclaim fund; that is a task for the industry. The reclaim fund is clearly independent of Government.

As I have explained on previous occasions, the direction-making power that we are taking is an ultimate sanction that the public will expect us to have to ensure that the reclaim fund functions in accordance with its articles of association, in particular in those areas that the Financial Services Authority will not regulate for prudential purposes. This is a power to be used only in exceptional circumstances, to require the reclaim fund to comply with its statutory requirements under legislation—no more and no less. We recognise that concerns remain about the transparency of how the power may be used. We have reflected on that, and we are content to agree to amendment No. 7A.

Concerns about transparency have also been voiced in relation to the definition of dormancy. The reserve power for the Treasury to amend the period of inactivity required before accounts can be considered dormant was originally introduced by negative procedure, in line with other powers contained in the Bill. However, the Delegated Powers and Regulatory Reform Committee subsequently considered the power and recommended that, since the definition of a dormant account is central to the purpose of the Bill, the power to amend the 15-year period should be subject to the affirmative procedure. We have listened to those comments, and are happy to agree to Lords amendment No. 10A, in accordance with that recommendation.

I believe that these amendments are straightforward, and I take this opportunity to thank again the Members who served on the Public Bill Committee. The Bill has received general support from all parts of the House, and I am sure we all look forward to its enactment and to resources being made available for the wider benefit of society.

Mr. Mark Hoban (Fareham) (Con): May I begin by echoing the Minister's concluding remarks? People are looking forward to implementation of the Bill, and we welcome amendments Nos. 7A and 10A and the Government motion to agree.

As the Minister said, the definition of dormancy is central to the Bill, and people are rightly concerned about any relaxation there might be in that definition, because they are rightly concerned about how they maintain their rights to what is effectively their money. It is right for the Government to have conceded that any changes in the limit should be dealt with through the affirmative procedure.

On amendment No. 7A, as the Minister said, the Treasury has powers under the Bill to give directions to the private company that will operate the reclaim fund. There was considerable discussion in this House and the other place about what checks and balances should be in place to control the use of the power by the Treasury to make sure that it is subject to proper scrutiny, and various attempts were made in both this House and the other place to introduce some controls. The last time we debated this Bill in the House, I tabled amendment No. 12, which would have required the Treasury to publish a direction within 28 days, and the Minister said:

> "I am inching towards what the hon. Member for Fareham (Mr. Hoban) had to say."—[*Official Report*, 3 November 2008; Vol. 482, c. 64.]

I am pleased that he has inched so far. Although he has not quite adopted the wording of my amendment, the Government came pretty close to doing so in the House of Lords.

I am grateful for the changes the Government have introduced as a consequence of the debates in this House and the other place, and we welcome the amendments.

Mr. Jeremy Browne (Taunton) (LD): Although the Bill has the word "Dormant" in its title, it seems to come back to life frequently. We now again have an opportunity briefly to discuss this important Bill, which has, throughout proceedings in the other place, in Committee and in this Chamber, commanded the broad support of all political parties. That is also true of these two amendments.

We support Lords amendment No. 7A, which will add transparency to the process here in Parliament in a way of which we approve. Perhaps more importantly, we support Lords amendment No. 10A. It is a key consideration, because the 15-year period for dormancy is inevitably somewhat arbitrary, and in time it may be judged that a period of 10 or 12 years, or longer than 15 years, is more suitable. The provision is central to the legislation, and it would be inappropriate for a change of that centrality to take place without our having an opportunity to reflect on it and discuss it.

I am pleased that the Government have chosen to take such an open-minded approach to the proposals that have been made, and the Liberal Democrats share the objectives that have been outlined both by the Minister and by the Conservative spokesman.

Lords amendment agreed to.

Lords amendment No. 10A agreed to.

PENSIONS BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions);

That the following provisions shall apply to the Pensions Bill for the purpose of supplementing the Order of 7th January 2008 (Pensions Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion three hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Frank Roy.]*

The House divided: Ayes 327, Noes 175.

Division No. 337] **[4.56 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burstow, Mr Paul
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann

Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farron, Tim
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Paisley, rh Rev. Ian
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, rh Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and
Ms Dawn Butler

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard

Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Michael Fabricant and Jeremy Wright

Question accordingly agreed to.

Pensions Bill

Lords amendments considered.

Mr. Deputy Speaker (Sir Alan Haselhurst): I must draw the House's attention to the fact that privilege is involved in Lords amendments Nos. 132, 135, 147, 149, 150, 171 to 176, 188, 193, 194, 198, 199, 202 to 205, 239, 240 to 246 and 278. If the House agrees to these amendments, I shall ensure that the appropriate entry is made in the Journal.

Clause 1

JOBHOLDERS

Lords amendment: No. 1.

5.9 pm

The Minister of State, Department for Work and Pensions (Ms Rosie Winterton): I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 2 to 56, Lords amendment No. 57 and amendment (a) thereto, and Lords amendments Nos. 58 to 66, 120, 123, 133, 136, 137, 146, 153 to 155, 157 to 168, 170, 207 to 214, 223 and 228 to 230.

Ms Winterton: Today, we enter the final stages of this landmark Bill, which will transform the saving habits of millions of people in the country. Before we begin this final debate, I should like to pay tribute to my hon. and learned Friend the Minister of State, Department of Energy and Climate Change, the Member for North Warwickshire (Mr. O'Brien), to my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) and to my noble Friend Lord McKenzie for all their stalwart work on the Bill. Thanks to their efforts, progress on this Bill has been characterised by a high degree of constructive dialogue between the Government, stakeholders and the Opposition. That consensual approach is clear in the vast majority of the amendments before us. I hope that, during this final debate, we will retain that consensus approach to a certain extent.

On the issue of qualifying earnings, we reached a broad consensus on the way forward because of the constructive and supportive approach taken by a number of our stakeholders. Among others, I should like to thank the CBI, the National Association of Pension Funds, the Association of British Insurers and the TUC as well as colleagues in both Houses for their contributions to the debate on this important area.

As I said, the Government have listened to the points that have been made in debate, and to our stakeholders. Amendments Nos. 21, 22, 57, 61 and related consequential amendments are designed to address concerns about the potential complexity of the band of earnings at the heart of the quality test.

Amendment No. 61 makes it clear that trustees can change scheme rules as a route to compliance, but they still need to obtain the employer's consent to change those rules. In order to minimise the risk of levelling down, this power cannot be used to reduce contribution levels. Amendments Nos. 21 and 22 and related consequential amendments enable employers to use an annual pay period to smooth the impact of irregular payments to workers.

Amendment No. 57 allows employers who are confident that their workers are on course to receive the new minimum level of pension savings to certify that their arrangements meet the quality standard. That will increase clarity and certainty for employers, while ensuring that individuals' savings remain protected. The detailed processes will reflect the principles agreed with stakeholders and will be set out in regulations and guidance.

The hon. Member for Eastbourne (Mr. Waterson) has tabled an amendment to amendment No. 57 that would remove the Government's ability to repeal the process of certification in the future. All our stakeholders have agreed that a review in 2017 is appropriate. Removing proposed new subsection (9) would mean that, following the review, we would not be able to repeal this legislation if it was felt that certification was not effective or necessary from the perspective of either workers or employers.

Amendments Nos. 23, 24 and 25 ensure that the limits of the earnings band are reviewed annually in line with changes to average earnings, and uprated accordingly. This proposal was an Opposition amendment but we accept that it is consistent with Government policy, and that is why we have agreed to it this evening.

Amendments Nos. 5, 12 and 15 extend automatic enrolment to workplace personal pension schemes. We always intended that automatic enrolment would apply to workplace personal pensions but concern was expressed on Report in the Commons that they could fall within the scope of two European consumer directives and that that might have prevented automatic enrolment into the schemes. Happily, when the Bill was introduced into the other place and following discussions with the European Commission, we were pleased to be able to announce that that would not be the case. That puts provision by the insurance industry on a level playing field with other provision, and it was warmly greeted by all our stakeholders.

Amendments Nos. 28 to 32, 41 to 46 and 57 make technical changes to the scheme quality requirements to ensure that the widest range of schemes can qualify. Other amendments in this group are minor and technical in nature and are entirely consistent with the overarching policy. I therefore commend the amendments to the House.

5.15 pm

Mr. Nigel Waterson (Eastbourne) (Con): It is a great pleasure to be debating the Pensions Bill again as it moves majestically towards the statute book. As the Minister kindly said, it is good to see the hon. and learned Member for North Warwickshire (Mr. O'Brien) in his place. He is clearly a sad person because he cannot keep away from pensions, despite his huge new responsibilities in the energy field. I suppose we will have him to thank if the lights do not start going out in a few years' time.

I join the Minister in thanking all the stakeholders that have been part of the process. She listed some organisations, and even more have been involved. For the real enthusiast, there have been any number of seminars, get-togethers, conferences and events to try to get the thing right. The Opposition are not wholly convinced that there is not a series of unanswered questions, but those questions are for another day.

It is interesting that the Government still have what I might describe as a schizophrenic approach to saving for retirement. Only yesterday they announced—well, they quietly slipped through—a further £2.3 billion stealth tax on private pension pots. Of course, at the moment they are trying to give people in this country two different messages. One is that the problems that have got us here have included borrowing too much and saving too little. The other is that they are to provide a fiscal stimulus that they would like us all to take down to the shops immediately and spend.

We face a huge number of amendments from the Government and just a sprinkling from the Opposition—ones on which the Government were defeated in the Lords or that the Government were good enough to accept. To that extent, there will be a reasonably pre-festive season air about this evening. Having said that, the Bill is not in the same league as the Pensions Act 2004, to which there were more than 1,000 amendments, so perhaps things are getting better—even though we still have an awful lot of amendments on our plate this evening.

I pay tribute to my colleagues in the House of Lords. Lord Skelmersdale and Baroness Noakes made a huge contribution to improving the Bill in the Lords, sometimes with the co-operation of Lord McKenzie, the Minister in the Lords, and sometimes without. They have made some major changes and a lot of minor ones, some of which I will not necessarily have time to touch on this evening, but on the whole considerable improvements were made to the Bill. I also pay tribute to those who served on the Committee in this House. It was a model of amity, co-operation and consensus, as far as that goes.

It is worth mentioning a couple of issues before I go into the detail of the first group of amendments. We have been allocated three hours for five groups of many amendments. Life being what it is, the fifth group relates almost entirely to an issue that has not yet arisen in the House—regulation of buy-outs of pension funds. It would be a huge tragedy if we did not reach that group in the time that the Government have allocated to us this evening.

On the first group, I intend to be even more selective than the Minister in the amendments that I want to speak to. As she rightly said, there are many technical and minor amendments and I do not see any purpose in labouring them in any detail. The central issues are clear. They are mainly concerned with the concept of automatic enrolment. My party has been convinced on that matter in the pensions field for longer than any other party. Indeed, it was our policy before the last election. It is important to recognise that in many ways we are all slightly mesmerised by the architecture—the design—of personal accounts, but the more important issue is auto-enrolment. The top prize is to auto-enrol people into existing pension schemes that have much more generous provision than the overall 8 per cent. contribution envisaged for personal accounts. It is important to remind ourselves of that as we get into the detail of the amendments.

As I said, many of the amendments bring simplification, clarification or rationalisation to the original draft of the Bill, and I want to make some observations on some of the amendments before I talk to our amendment (a) to Lords amendment No. 57. The first issue principally revolves around Lords amendments Nos. 23, 24 and 25, which the Minister touched on. They were moved by Baroness Noakes and are designed to ensure that the Secretary of State does not in future let the value of the earnings threshold for personal accounts fall behind increases in the level of earnings generally.

There was one of those bizarre exchanges in the Lords in which the Minister, Lord McKenzie, was clear that it is, and was, the Government's policy to uprate the earnings band in line with earnings. However, that was not in the Bill. As originally drafted, it appeared to give the Secretary of State carte blanche to decide how and when to revalue the band. Lord McKenzie talked about needing flexibility. He said:

> "We always have this dilemma where we have a clear policy and objective and believe that uprating by earnings is the right way forward. However, given that we are setting down reforms for decades to come, there must be a strong argument in favour of flexibility."—[*Official Report, House of Lords*, 23 June 2008; Vol. 702, c. 1267.]

I do not regard that as a dilemma. If the policy is clear, why does the legislation not follow it? In the event, that argument did not persuade Baroness Noakes or, indeed, their lordships, because it went to a vote and the Government were defeated. I thank the Minister of State for graciously accepting that the amendment should stand.

The main issue—and it is very important, for reasons that I shall describe—revolves around Lords amendment No. 57 and amendment (a). Amendment No. 57 allows for what is called self-certification in respect of the qualifying earnings rule. That is a complex but important matter. It is clear from the design of personal accounts—we accept this as a principle—that if one is introducing auto-enrolment either into an existing scheme or to personal accounts, there has to be a mechanism whereby it is proven that the terms of the existing scheme are at least as beneficial to the employees as personal accounts would be. All the evidence from organisations such as the National Association of Pension Funds is that existing schemes will overwhelmingly be much more generous in terms of the employer contribution than will personal accounts.

Perhaps this is more of a theoretical than a practical problem. However, it is clear that there has to be a test of some sort—the qualifying earnings test—and it has to strike a balance between two different things. One is, of course, to protect employees' rights. That must be clear. The other is the real need for the test to be as easy, cheap and straightforward as possible for employers to operate. We do not need another complex regime—a third regime—sitting alongside PAYE and national insurance as an extra burden on employers.

I pay tribute to the industry's working group, whose views I shall come to in a minute, because it has worked so hard with officials over many months to get the right answer. Indeed, I think that it is still working with them. The group includes organisations such as the Association of British Insurers, the CBI, the Institute of Chartered Accountants, the Society of Pension Consultants and the National Association of Pension Funds. Its concern, which is the same as ours, is that if the test is not simple, cheap and straightforward to operate, it could encourage the process of levelling down, whereby the introduction

[Mr. Nigel Waterson]

of personal accounts—apparently in 2012, which we might discuss later—would give an extra impetus to employers to close their existing defined benefit schemes and point their employees in the direction of the Government-backed personal accounts. We strongly believe that every possible measure should be taken to try to discourage that process, because otherwise there could be the nightmare scenario in which many people are disadvantaged by ending up with personal accounts rather than existing, and much more generous, company schemes. We share the concern that the test, as applied in practice, could assist the process of levelling down. I shall come to the views of those key stakeholders.

The current position could fairly be described as a work in progress. There have been discussions, and there were more discussions with the industry working group over the summer. The Government have moved somewhat by accepting some of the principles that would make the process simpler but, in fairness, there is still some way to go on the detail.

The next step, as I understand it, is the publication of detailed regulations on the qualifying earnings test. We and, indeed, the industry will look very closely at just how the regulations are drafted, and if we do not get the drafting right at the next attempt, an incoming Conservative Government would certainly wish to revisit it as a matter of urgency.

I turn to the concessions that the Government made on the subject in the House of Lords in early November. In a letter, Lord McKenzie cited the efforts of the stakeholder group led by the ABI, conceded that there should be a self-certification procedure, which we welcome, and said that

> "employers will not be required to make retrospective reconciliation payments if contributions unexpectedly fall short, unless the detriment to an individual exceeds certain de-minimis levels",

and that the levels will be set in a way to stop detriment to particular individuals. That was a major step forward, because the Government undertook what Lord McKenzie described in his letter as

> "a departure from the policy of an individualised test".

He said:

> "In developing this approach we have sought ways to increase clarity and certainty for employers going forward, without opening up the risk that some individuals find themselves regularly or materially losing out"

and he talked about getting the balance right. The Opposition still think that, despite all the best efforts, the balance is not quite right, but I am prepared to concede that everyone is doing their best to try to reach the right answer.

In its briefing for this debate, the CBI expressed the concern to which I have referred: that the original test, as drafted, could contribute to levelling down. It also said how important self-certification is. The self-certification point has now been conceded, and that is important. However, the CBI goes on to say that

> "employers and pensions industry professionals alike were very concerned about maintaining high quality existing provision in the face of an impractical qualifying test that defines pay in a way that does not meet the current market standard. The costs associated with complying with this definition would provide an incentive to level down into Personal Accounts."

5.30 pm

That is the nub of the issue. What was originally proposed departed from the standard current industry practice, so it needed to be tackled urgently. The CBI continues:

> "The self-certification approach ensures firms need not take on significant administrative costs, without affecting the levels of contribution made to their scheme... We strongly support amendments to introduce self-certification, which is a robust but less burdensome approach.
>
> In addition, we acknowledge the move to annual reconciliation as a major—and very welcome—step toward simplification."

The Association of British Insurers, which has been leading on all the issues relating to the earnings test, had this to say in its press release of 6 November:

> "we, along with other industry groups, remain concerned that the wording of the key amendment to the Pensions Bill on self-certification may not achieve these aims"—

that is, the aims of simplicity and so on. The association goes on:

> "The current drafting of the amendment adds considerably to the administrative burden for employers and risks discouraging them from continuing to provide pensions to their employees that have higher contributions than the level set for personal accounts."

It says that it hopes that the issue can be resolved and makes it clear that it is prepared to carry on working with the Government on these matters. That is encouraging.

I look to the Minister for an absolute assurance that, just because the Bill is passing into law any time soon, she and her Department will not lose interest in the nitty-gritty work that still needs to be done on the qualifying earnings test. As the Minister pointed out, my amendment (a) would remove subsection (9) of the new clause in Lords amendment No. 57. It is important that we make that stand, because it seems to me that the current position is as follows. By dint of a lot of hard work by officials and stakeholders, we have made significant progress. Further progress needs to be made on the regulations, and I hope that it will build on the discussions that have already happened.

I am totally bemused by why the Government now want to put into the legislation what is effectively a proposal to go back to square one some time in the future. We are deeply suspicious of that proposal. We see no need for the power in proposed subsection (9), which enables the Secretary of State to repeal the whole new clause by order.

We will talk at some point about the question of a review after five years of personal accounts, but if something cataclysmic occurred in the context of personal accounts and of the qualifying earnings test and how it applies, I am sure that the Government of the day would wish to get to the bottom of the problem through primary legislation. That would be fair enough. I commend amendment (a) to the House, and subject to any further comments from the Minister on the issue, we will press it to a Division.

The final issue—I appreciate that to some extent I am cherry-picking the really important issues from this huge number of amendments, which are not of our making, as I explained—is one that the Minister has already touched on, which concerns auto-enrolment into workplace personal pensions, or WPPs. That was a major concern during the passage of the Bill in our House and is a matter of huge worry to organisations such as the ABI. In fairness, there is a great deal of consensus about it. I remember having private discussions with the then Minister, the hon. and learned Member for North Warwickshire, on how it could be sorted out. Lord McKenzie recently emphasised the importance of doing so:

> "Workplace personal pensions are an important and growing part of the pensions market. Membership of workplace personal pensions is around 47 per cent of current private sector pension membership, which represents about 3.3 million employees, involving total contributions of £6.7 billion a year."—[*Official Report, House of Lords*, 17 June 2008; Vol. 702, c. 957.]

He said that it had always been the Government's intention to include WPPs within the scope of this legislation, but there were concerns from a legal point of view that they would fall foul of the European directives on distance marketing and unfair commercial practices.

In our discussions with bodies such as the ABI—I am sure that there were similar parallel discussions with Ministers—they were very worried that if some clarity were not sought and obtained as a matter of urgency, that could stop in its tracks the healthy growth in WPPs throughout the British workplace. The good news is that the European Commission has now confirmed in writing that it takes the same view as the Government, and this group of amendments reflects that positive outcome. Let us hope that that exchange of letters with the Commission is enough to ensure that there is no future legal challenge on this issue. As far it goes, it is good news for those who were concerned about the Bill's unintended effect on WPPs. It now seems clear that WPPs can be used to discharge the duty on employers to operate an automatic enrolment system. I very much welcome that, as does, I am sure, everybody involved.

Those are our concerns arising out of this group of amendments. I have argued for amendment (a). Let me leave the House with this thought, which is again to emphasise the huge importance of automatic enrolment in this legislation and for the future of British pensions. That is so much the case that a few days ago the ABI issued a statement asking for it to be dealt with in the pre-Budget report; I am afraid that it was disappointed. It says in its press release:

> "Automatic enrolment into workplace pensions, which is due to begin in 2013, should be brought forward and introduced as soon as possible. If it were to start in 2010, it could lead to additional long-term savings in excess of £500 million by 2012."

Earlier today, I spoke at the ABI's savers conference, where that proposal was again made. At the end of its press release, it says:

> "The Government has a golden opportunity to boost workplace pension saving by enabling automatic enrolment now. The pensions industry, employers and the rest of the private sector is ready to deliver auto-enrolment as soon as the green light is given."

It would be interesting to have some indication from the Minister as to whether that forms any part of the Government's thinking. Beyond that, I have nothing to add, and I look forward to any further comments that the Minister might have.

Paul Rowen (Rochdale) (LD): I join others in congratulating those in the other place on all their hard work. I especially congratulate my colleagues, Lord Oakeshott, Lord Kirkwood and Lord Thomas, and hon. Members here on the work they have done on a mammoth Bill, which is now coming to a close.

In her opening remarks, the Minister rightly commented on how, during the passage of the Bill, we have maintained a broad consensus, which is important for stability and long-term development. This group of amendments—101 are included, the majority of which the Government introduced—shows that many of the issues and concerns raised during the Bill's consideration here and in the other place have been listened to, and I welcome that.

As the hon. Member for Eastbourne (Mr. Waterson) said, auto-enrolment is the key to the success of the scheme. We are talking about between 4 million and 7 million people being enrolled, and upwards of £170 billion being invested. That is investment of a size and order considerably larger than what has been achieved in other pension schemes. It is a mammoth task, and ensuring that auto-enrolment is made straightforward and effective is going to be the key to the success of the scheme.

Amendments Nos. 9, 10, 11, 13 and 14 clarify the fact that re-enrolment will not apply if a job holder stops saving or opts out within a prescribed period before re-enrolment is due. The amendments set out the timings in more detail. Although we see their necessity, I say to the Minister that we do not want to go down the New Zealand route. It has seen a 30 per cent. drop-out rate on the quick saver scheme. Auto-enrolment is crucial to the Bill's success and we need to ensure that the Government support employers as much as possible to ensure that re-enrolment is a consistent policy.

I agree with the hon. Member for Eastbourne about auto-enrolment for workplace pension schemes. That element was missing from the pre-Budget report statement yesterday, and I hope that the Minister, when she responds, will give us some idea of when, or if, the Government are considering bringing the date forward. Given the amount of work that has to be undertaken to set up the scheme, the more of the other things that we can get done earlier, and the more we can encourage people in existing schemes to auto-enrol, the better.

I am pleased that the Minister has said that she accepts amendments Nos. 23, 24 and 25, which deal with the value of the earnings threshold and ensure that it does not fall behind the increases in the level of earnings. That is critical to the success of the Bill and to ensuring that people have a pension commensurate with what they need to live on when they retire. We know what has happened to the state pension. The Government have not given a commitment to restore the earnings link by a set date, and as a result many pensioners are in poverty or are having to apply for pension credit. If we are to have a scheme, it is far more preferable to ensure that it keeps up to date with increases in earnings. That is critical. I hope that the Minister will say when she is going to restore the earnings link to the state pension. That measure could have been introduced in the pre-Budget report.

I congratulate the Government on what they have done in amendments Nos. 5, 7, 13, 16, 21, 30, 31, 55 and 134 to permit workplace personal pensions to be used for auto-enrolment. When the Bill was discussed earlier in this House, the major concern was that the auto-enrolment of workplace pensions could have been outlawed by two EU directives. Again, I am grateful for the work that the Department has done to ensure that that is not the case and that the auto-enrolment of workplace pension schemes can continue.

5.45 pm

We support the Conservatives in their amendment (a), which stands in the name of the hon. Member for Eastbourne, to Lords amendment No. 57. We are grateful that the Government accepted Lords amendment No. 57, because it is vital that existing schemes and the duties placed on employers are made as easy as possible. Having a self-certification scheme that does not set unnecessary conditions is critical to the retention of those existing schemes. We have made the point all along that we did not want the Bill to be used as a levelling-down exercise for existing pension schemes, and the amendment would at least ensure a mechanism that would enable employers to comply with their duties satisfactorily. However, the Minister said that she had agreed with stakeholders that there was going to be a review in 2017.

I accept that. However, in the other place, Baroness Noakes questioned the need to allow the Secretary of State automatically to sweep the provision away. She did not receive a satisfactory answer, so I hope that the Minister will give us one today. Our view is that if such a major change—one that could affect existing pension schemes—is to be contemplated, it should be the subject of primary legislation. So far, the Government have taken all the various groups with them—stakeholders and the parties in this place. I would not want the change made possible by Lords amendment No. 57 as drafted to be made, so I hope that the Minister will reconsider her position. It is not a pressing issue—the Government will not fall if amendment (a) is accepted and it will not materially change the workings of the Bill—but in the long term, people would be given the satisfaction of being listened to.

Lords amendment No. 159 deals with the director of a corporate body not counting as a worker. Again, that seems to be a sensible amendment and we support it.

Miss Julie Kirkbride (Bromsgrove) (Con): I, too, welcome the Minister to her new role. Picking up a complicated Bill after Committee, Report and Third Reading cannot be the easiest thing to do. However, as other hon. Members have said, there has been constructive engagement among all the parties—the parties in this House and stakeholders outside—on the way forward for these measures, as well as broad cross-party support, because we need to increase pension saving across the nation. It is therefore reassuring that that engagement has continued.

However, I would like to echo the concerns that have been expressed. If there has been one disagreement among the political parties, it is the prospect of those of our fellow citizens who have a better pension scheme than that which will be offered under the Bill finding their scheme being levelled down. Once the provisions come into force, there will clearly be a temptation for employers to look again at what they offer and to contemplate having all their employees—or at least all their new employees—on a scheme that complies with the standards of the Bill, rather than on the scheme currently in place.

I sincerely hope that the Minister will take into account the concerns that have been raised about having a self-certification scheme, so that there will not be any payroll issues relating to the administrative costs of the new measures. My particular worry, given the debate so far, is that the Minister wants to be able to strike out what is good in the Bill by ministerial decree, rather than through further debate in the House. Employers want reassurance on this issue, and will not want to think that the self-certification provision can be taken out by ministerial decree, because that will add to the de minimis situation. We need to hear some good reasons why the Government's way forward is a good one, because the sanctions for employers who do not fully comply and co-operate include imprisonment.

Yesterday, we heard about the seriousness of the economic situation facing the country, and the Bill will add further pressure for employers, who will also face a national insurance increase around the time the Bill comes into effect. The pressures on them will be considerable, and the maximum reassurance that the House and the Minister can offer will be appreciated. I look forward to hearing her arguments, which might be in agreement with Conservative arguments.

Ms Rosie Winterton: First, I thank the hon. Members for Eastbourne (Mr. Waterson), for Rochdale (Paul Rowen) and for Bromsgrove (Miss Kirkbride)—I know that the hon. Lady was also on the Committee—for their points about consensus, which has been an important part of our debates.

The hon. Member for Rochdale spoke about earnings upratings. We have certainly made clear our commitment to introducing an earnings uprating of the basic state pension. Our objective, subject to affordability and the fiscal position, is to do that in 2012, but we want to do it by the end of the next Parliament at the latest. We will make a statement on the precise date at the beginning of the next Parliament. I assure the hon. Member for Eastbourne that we will not lose interest in this issue just because the Bill is passing into its final stages. I look forward to having many discussions with him and his colleagues in the coming months and years about the various regulations and about the detail of issues such as qualifying earnings.

As both hon. Gentlemen said, we have had discussions with the European Commission about bringing forward workplace personal pensions. We are well aware that the industry wants to proceed with automatic enrolment before the planned introduction of the duties from 2012, but the relationship between the employer duty and automatic enrolment makes it difficult to do that outside of bringing in the general scheme. However, we are keen to find ways of helping employers and providers to increase participation in personal pensions today and to make the transition from active joining to automatic enrolment, under the employer duty, as soon as possible. There will be many more discussions on this issue, but there will be firm encouragement for people to participate in the schemes.

I hope to persuade the Opposition to withdraw their amendment. I hope also that the hon. Member for Rochdale will take note of the points that stakeholders have made on certification in what has been a constructive process. We have agreed to review the effectiveness of the certification procedure in 2017. As hon. Members have said, it is designed to make it easier for employers to cope with the new arrangements for workplace pension saving, using their existing provision. We hope that that will go some way towards reducing the risk of levelling down, but there is a possibility of certification leading to unintended consequences for the employer or employee.

We must make sure that individuals do not routinely save at levels below those recommended by the Pensions Commission. Also, employers might become more inclined to use the quality standard without certification, thereby making the procedure redundant.

It would be absurd for the House to rule out, at this stage, the possibility of removing certification if there were widespread consensus in 2017, through a review, that that needed to be done. It would not be appropriate then to have to wait for more primary legislation. I urge the Opposition to withdraw their amendment. There are good reasons why we have made the changes that their amendment would completely undermine.

Miss Kirkbride: Does not the Minister see that having that sword of Damocles hanging over their heads might make employers, especially rogue employers and those who are less keen to comply with what the Government want to do, more inclined to go for the lowest common denominator pension scheme?

Ms Winterton: No, I do not think that is the case. The certification procedure has been agreed with stakeholders, and employers were keen on having it to reduce the burden on them, so I do not see why the possibility of it being removed would have that effect. This is about ensuring that people make the right contribution. I honestly believe that we should have the ability to remove certification if necessary.

Lords amendment agreed to.

Lords amendments Nos. 2 to 56 agreed to.

After Clause 25

Lords amendment: No. 57.

Amendment proposed: (a) thereto—*[Mr. Waterson.]*

Question put, That the amendment to the Lords amendment be made:—

The House divided: Ayes 220, Noes 286.

Division No. 338] **[5.57 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, rh Mr. Nick
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard

Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim

Tellers for the Ayes:
Michael Fabricant and
James Duddridge

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Foster, Michael Jabez
(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian

Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ms Dawn Butler and
Helen Jones

Question accordingly negatived.

Lords amendment No. 57 agreed to.

Lords amendments Nos. 58 to 66 agreed to.

Clause 30

EFFECT OF FAILURE TO COMPLY

Lords amendment: No. 67.

Ms Rosie Winterton: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this we may discuss Lords amendments Nos. 68 to 119, 121, 122, 124 to 132, 134, 135, 138, 156, 169, 201, 222, 235, 280 and 288.

Ms Winterton: The Bill introduces an effective and proportionate compliance regime that is vital to the success of our reforms. The amendments strengthen the regime in several key areas, and respond to concerns raised earlier in the Bill's passage.

Lords amendment No. 95 would enable the regulator to require employers to pay interest on unpaid contributions, which would help to ensure that members did not lose out because of contributions not made on time. In Committee in the House of Commons, concerns were expressed about a small minority of employers who might be tempted to try to induce their workers to opt out of scheme membership. Those concerns were shared by several stakeholders, such as the TUC, the Equality and Human Rights Commission and Age Concern. Lords amendment No. 135 would prohibit such behaviour, while Lords amendment No. 132 allows the pensions ombudsman to investigate complaints relating to a jobholder opting out of a pension scheme.

We have also closed two possible loopholes in the proposed criminal offence of wilful failure to comply. Lords amendments Nos. 112 and 113 introduce a criminal offence for individuals who may be responsible for such failure to comply within bodies corporate, unincorporated associations and partnerships.

6.15 pm

Lords amendments Nos. 105 and 108 make it clear that the effect of a notice issued by the regulator—for example, a compliance notice—will be suspended until any review of, or appeal against, the notice is completed. Lords amendment No. 201 gives the regulator greater flexibility to delegate the functions associated with the compliance regime, so that it can fulfil its new role in the most efficient and cost-effective way.

The remaining Lords amendments were introduced for technical reasons, or to clarify drafting. For instance, Lords amendments Nos. 69 to 75 and 80 would ensure that the regulator could exercise his powers in relation to a jobholder's previous employers.

The Bill sets out an effective regulatory regime to underpin the reforms. The Lords amendments have strengthened and improved that regime, ensuring the best possible level of protection and fair treatment for both workers and employers, and I commend them to the House.

Mr. Waterson: As the Minister said, the Lords have tabled a great many amendments to the compliance regime. Some are minor, but a number are fairly important. I pay tribute to Lord Skelmersdale and Lady Noakes, who did a good deal of hard work on many of them. Much of that work involved trying to dilute the Government's affection for introducing punitive measures in almost all areas if they think they can get away with it.

Because much of the detailed work and the heavy lifting has already been done in the House of Lords, I intend—with no disrespect to their Lordships—to speak fairly briefly on this group of amendments. I think it fair to say that the issue of enforcement of compliance was always going to pose a substantial challenge to the legislation, particularly in regard to micro-employers. The new regime for personal accounts and auto-enrolment will apply to the fish and chip shop, the hairdresser and the small car workshop—in theory, they will all be subject to these provisions—and I suspect that the pensions regulator, to whom falls the task of enforcement across the board, will spend a disproportionate amount of his resources on pursuing many smaller employers rather than very large companies.

There will clearly be a temptation, at the very least, for smaller employers to try to persuade their employees not to become involved in personal accounts. They might offer a larger Christmas bonus or a cash payment as a quid pro quo. If one thing emerges with crystal clearness from all the seminars, conferences and research of the past two or three years, it is the depth of financial illiteracy among many people in the country when it comes to how pensions work, how much they need to contribute and how much they will receive in retirement from a particular level of contributions. There will be a real risk of that ignorance being used against their best interests, especially in the case of small employers.

It is worth reminding ourselves that the target audience for personal accounts consists of people in lower-paid work, who may well be working for small companies and have no existing pension provision. When I saw the Government's original proposals—here I refer particularly to Lords amendment No. 135—I was surprised to note that they originally had no intention of providing for an offence of inducement to opt out of personal accounts.

[Mr. Waterson]

I seem to remember raising the issue at one of those seminars some time ago—they all seem to blend into one another.

The Minister is fortunate to come so fresh to the issue. I raised it because it seemed odd to leave it out if we were trying to achieve an holistic approach to how personal accounts would work and how employers and employees were going to comply with them.

What makes it potentially a huge issue that might strike at the very foundation of personal accounts is the issue of the interaction with means-tested benefits. We all know of the excellent work carried out by the Pensions Policy Institute some time ago that identified certain at-risk groups: people who were at significant risk of either being no better off by being auto-enrolled into personal accounts or, in some cases, being worse off as a result, including people who had started saving later, or who were renting accommodation in retirement. For us, this has always been a huge concern. At the moment, 45 per cent. or so of pensioners retire subject to means-tested benefits, and that proportion will increase inexorably over the coming years if something is not done.

Take-up is a massive issue. Yesterday the Government modestly increased pension credit, but that is no help at all to the 1.8 million or so people who are entitled to pension credit but never get round to claiming it. The Treasury's fundamental assumption when pension credit was introduced was that 1.4 million people would never get round to claiming it. There is a problem here that will not go away.

When we raised the issue—insistently—earlier, Ministers were dismissive about what we had to say. Their basic attitude could be summed up as, "You're letting the side down, you're rocking the boat—the real prize in personal accounts is the millions of people who don't have any provision at the moment and will now start saving for their retirement." I do not disagree for a moment with that being the prize, but part of the price for that prize should not be an element of rough justice towards people in the at-risk groups who may well end up worse off because of the loss of means-tested benefits.

Whoever is in power when the chickens come home to roost will certainly not want another mis-selling scandal, where a lot of people turn round to the Government of the day and say, "Well you auto-enrolled me into personal accounts, and as a result I'm worse off." For the official Opposition this has always been a potential deal breaker when it came to consensus.

I am delighted, of course, that, after a lot of pressure from us, Ministers finally relented. This was two or three Secretaries of State ago; they come and they go. A process was started which has been ongoing, pulling together stakeholders and looking first at trying to identify the size of the problem and then at some of the possible solutions. The Pensim 2 model in the Department is used wherever possible, although it was not until fairly recently that that even took account of housing benefit, which makes such a huge difference to many in the at-risk groups.

I am pleased that Ministers finally relented and that the process has been ongoing for some time now; I think what is billed as the final seminar is taking place next week. A report of some sort will then be produced; whether it will produce any solutions is, of course, another matter. It is certainly an exercise that needs to be conducted. For us it has always been clear that if this problem cannot be addressed, there is a real danger that personal accounts simply will not work. That is a debate for another day, but once we have the data and the conclusions of that exercise, what are the options in terms of trying to address the matter and reduce or eliminate the numbers of people in the at-risk groups?

Why does it matter so much at the moment? At one point, Ministers were saying that this would not be a problem until 2020 or even later, when people would start to realise that personal accounts had not been a great thing into which to be auto-enrolled. I disagreed with that; I still do. In the run-up to 2012, if that is the start date of personal accounts, people will be writing stories in the press—particularly the financial press—about people who are worse of as a result of being auto-enrolled. Indeed, some have already been writing such stories. If those stories are written, the unscrupulous employer will use them to help to persuade employees in small firms, in particular, that they do not need to be involved with personal accounts.

We know that there is a huge element of irrationality about people's approaches to pension provision—an unwillingness to engage with the real issues and what the best solution is for them in the long run. We could end up with the nightmare scenario whereby the wrong people allow themselves to be auto-enrolled and end up worse off or no better off as a result, and the wrong people are persuaded to opt out when it would be very much in their interests to join, particularly relatively young people in the work force. This is why the issue of inducement to opt out has always been, for us, very important.

I have no quibble at all with this and related amendments; it is excellent that the matter has been addressed. There will now be an offence of inducement to opt out, which I imagine will be used sparingly by the regulator, but it is there, and it should be publicised as widely as possible. We are very supportive of the measure, and indeed of all the other improvements to the Bill, many of them to the credit of the Conservative Opposition in the House of Lords. Without further ado, I register our broad support for this group of amendments.

Paul Rowen: If auto-enrolment is the key to the success of the Bill, ensuring that there is proper compliance will determine whether it delivers what it promises. As the Minister said, the TUC, Age Concern and others expressed concerns about this issue, and the amendments deal with many of those concerns. We are talking about a vast number of employers. As the hon. Member for Eastbourne (Mr. Waterson) said, we are concerned not with the large companies who have personnel departments that are used to organising such things, but with the local hairdresser or chip shop owner. Ensuring that they are delivering, and that there is a regime in place to deal with that, is essential.

Another question raised by the TUC was who would do the work on compliance. The pensions regulator is involved, but what steps is the Minister taking to ensure that it is adequately resourced? Has the Department given any thought yet to what additional resources it will need to carry out the compliance role? As well as the measures in the Bill dealing with compliance, what steps will she take in the run-up to 2012 to make sure that such small employers are aware of their obligations and that there is a range of training and materials available to support them in that role? Many of the employers who will be introducing personal pension schemes will not have experience of doing this in the past. That will be a vast change. I am disappointed that the need for face-to-face interviews for people over 50 was not accepted, because making people aware of the advice available to them and what they are entitled to is important.

On Lords amendments Nos. 105 and 108, I am again grateful that the Government have listened and have taken notice of the other place's Constitution Committee, which I understand wrote to the Government in June expressing concern at the discretion afforded to the regulator, who could choose whether or not to suspend the effect of a notice while someone is seeking a review. Those two amendments are sensible. It is important to have clarity on this issue.

6.30 pm

Ms Rosie Winterton: I thank the hon. Members for Eastbourne (Mr. Waterson) and for Rochdale (Paul Rowen) for their support for the amendments. The hon. Member for Rochdale raised a couple of points that I wish to address.

The costs will depend on the detail of the operational design of the compliance regime, but officials at the regulator are developing cost estimates both for provision of the compliance regime by the regulator and for perhaps delegating or contracting out elements of the regime, which is permitted under the Pensions Act 2004. That will inform the regulator's decision about how to deliver the service.

On the wider issue of funding, the pension regulator's extended role will clearly be central to the success of the reforms. We are committed to supporting the regulator in that. We have said that set-up costs for the compliance regime will be funded by way of grant in aid, and we are considering how ongoing compliance costs would be funded.

It is important that we work with small employers to ensure they are aware of what their obligations will be, and the Government certainly intend to make sure that there is consistent and coherent information to support the introduction of the reforms by helping to raise awareness.

I take on board the disappointment expressed on issues to do with personal advice to each individual. We want to make sure that the information that people need is targeted, so it is relevant to individual circumstances.

I commend the amendments to the House.

Lords amendment agreed to.

Lords amendments Nos. 68 to 138 agreed to [some with Special Entry].

Clause 58

POWER TO ESTABLISH A PENSION SCHEME

Lords amendment: No. 139.

Ms Rosie Winterton: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to take Lords amendments Nos. 140 to 145, 147 to 149, Lords amendment No. 150 and amendment (a) thereto, and Lords amendments Nos. 151, 236 to 240, 281 and 282.

Ms Winterton: The Pensions Commission proposed the establishment of a low-cost, simple pension scheme for low to moderate earners currently without access to a pension. The creation of the personal accounts scheme will enable all employers to fulfil their new pension duties.

Lords amendment No. 139 is an Opposition amendment that we have accepted. It establishes a duty on the Secretary of State to set up the pension scheme, rather than a power to do so. Associated minor and technical amendments Nos. 140 to 145 will ensure that the legislation works correctly and clearly. The delivery authority will establish the personal accounts scheme—a task of considerable complexity. Amendments Nos. 151 and 282 will allow the delivery authority to appoint as executive members individuals on secondment or loan from other organisations. That will enable the authority to recruit the best people—strong leaders with expertise and specialist skills in a variety of areas.

Amendment No. 281 ensures that appropriate changes in relation to the personal accounts delivery authority are made to the Pensions Act 2007 once this Bill is enacted. The trustee corporation will be a sole corporate trustee, with initial appointments made by the Secretary of State in line with guidance on public appointments issued by the Office of the Commissioner for Public Appointments.

Amendment No. 236 requires the Secretary of State to consult the chair of the trustee corporation prior to making any appointments to the corporation in the initial period. This was always the intention, but we listened to the Opposition's points, which is why we have introduced the amendment. Members of the trustee corporation will be public servants, and therefore subject to the time limits on tenure of office provided in the OCPA guidance. To that end, amendment No. 237 increases the maximum term of appointment from four to five years to align it with the guidance. Amendment No. 238 allows the corporation to delegate a function, within the scope of the order and rules, to any member of staff. This amendment ensures that the trustee corporation has flexibility within its remit in terms of staffing.

Amendments Nos. 149 and 150 and 239 and 240 clarify that any loans provided by the Secretary of State to either the authority or the trustee corporation should at least cover the cost of Government borrowing. That firmly establishes in the Bill our intention that the funding for setting up and operating the scheme should be delivered at nil cost to taxpayers. The amendments will also ensure that any financial assistance that the Secretary of State might provide will be consistent with the general rules on Government lending.

The hon. Member for Eastbourne (Mr. Waterson) has tabled an amendment to amendment No. 150 that would require loans to the delivery authority to be paid at commercial rates. We have been clear that we have no intention of unfairly subsidising the authority or the scheme. However, the scheme will be in the unique position of performing a public service obligation to

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accept all eligible employees irrespective of the cost of doing so. That will be essential in ensuring that everyone has a scheme into which they can be automatically enrolled. In the long term, the scheme's scale will enable it to act in that way while offering low charges to members, but in the short term it could add to the burdens of establishing the scheme. We will understand the issue more once the procurement process reveals the actual cost of establishing the scheme. However, before then we cannot accept an amendment that locks the scheme into a fixed period of repayment or to commercial loan rates without knowing whether that would undermine our aim of delivering a low-cost scheme available to all.

We are committed to a review of some aspects of the personal account scheme in 2017, and amendment No. 147 places that requirement in the Bill. This will be an independent review of those features of the personal accounts scheme that are designed to focus it on the target market of moderate to low earners, specifically the annual contribution limit and the prohibition of pension fund transfers. Again, the Opposition made that proposal, and we have accepted it following debate.

The majority of these amendments are minor, while others strengthen the Government's commitment to ensuring that more people are able to save for their retirement. With the exception of the Opposition amendment, which I think was tabled yesterday, I commend the amendments to the House.

Mr. Waterson: Again, the Minister is correct to say that a number of these Lords amendments are minor drafting and technical ones. I do not intend to bang on through every single one of them, but I wish to pick out the ones that are important from our perspective—in particular, our proposed amendment (a) to Lords amendment No. 150.

The Minister rightly said that Lords amendment No. 139 was an Opposition amendment, giving the Secretary of State the obligation, rather than just the power, to set up personal accounts. We are all slightly bemused as to why the Secretary of State wanted to give himself wriggle room in respect of not setting up personal accounts. Although there are arguments to be had on the architecture and design of those accounts, it seemed to us eccentric, to say the least, that there should not be such an obligation, and I am delighted that the amendment has been accepted by the Government.

The next big issue for Conservatives concerns Lords amendment No. 150 and related amendments. They deal with the public subsidy or level playing field argument, which is familiar to those of us who were fortunate enough to be selected to serve on the Public Bill Committee. As the Minister has said, the procurement process for personal accounts is still in its early stages. We are talking about a brand new design that will perhaps have to deal with 1 million employers and several million new employees, and will involve a major IT contract, leaving aside any other design considerations. It is perhaps an eccentricity of the procurement process that it will be part way through before the personal accounts delivery authority knows exactly how much it will all cost. There are clearly some i's to dot and some t's to cross, because the authority does not yet know, and will not know for some time, how much the scheme will cost, how many customers it will have and how many customers will be left after two or three months, when people who have been auto-enrolled suddenly realise that their pay packet is a bit light and head for the exit.

In those circumstances, I concede that it is difficult for PADA to work out its costs, let alone its unit costs. It has always been our approach that this project should not attract any public subsidy, so that there is a proper level playing field between personal accounts—the new kid on the block—and existing provision. We are obsessed with the problem of potential levelling down. We do not see any reason for any provision in the legislation that would appear to give even the hint of an unfair advantage to personal accounts over existing and competing pension provision.

Something that has crept into the ministerial rhetoric relatively recently—I do not remember it ever featuring in our debate in this Chamber or in Committee, although I am happy to be challenged on that—is the phrase "public service obligation". An attempt is being made to apply it to PADA and its successor, the trustee corporation. Of course, we are familiar with the concept of PSO, perhaps the best and most familiar example of which is the Royal Mail. The basis of its PSO, and therefore of the zillions of pounds that the organisation receives in public subsidy every year, is that I could post a letter today and the Royal Mail would guarantee to deliver it to the far north of Scotland or to anywhere else in the country quite soon; it would perhaps not nowadays be able to deliver my letter the next day. That is a true public service obligation. We do not think—my colleagues in the Lords made this abundantly clear—that there is any justification for applying that concept to PADA or the trustee corporation.

6.45pm

That is, in part, the thrust of my amendment (a) to Lords amendment No. 150, which makes it clear that any loan should be repaid at a commercial rate over a period of 10 years. At different times in the debates, we have also tried to make it clear that there should be no basis on which PADA or its successor receive anything by way of grant or subsidy; they should not receive anything but a repayable commercial loan.

The PSO justification or excuse is of recent vintage. No mention was made of possible subsidy in the Turner report, which is where this all started, or in the December 2006 White Paper. We are concerned not only about the possibility of unfair competition with existing provision, but about whether we are seeing the beginning of a worry on the part of those who are charged with making personal accounts work that they cannot deliver at 0.3 per cent.—that figure is no longer referred to by anybody—or even at 0.5 per cent. without significant subsidy.

I imagine that the Minister would say in her defence that any such subsidy would have to pass the relevant EU rules on state aid, as may well be the case, but our view is that we do not want to go there at all. Her comments echo, almost uncannily, those of Lord McKenzie in the other place. He spoke about

> "the Government's intention that the personal accounts scheme will be self-financing in the long term, through charges on members, and delivered at nil cost to taxpayers."

He went on to say:

> "One possible source of financing for these costs could be borrowing".—[*Official Report, House of Lords*, 2 July 2008; Vol. 703, c. 343.]

Even so, we are not happy with that as a possibility. Even at an early stage, the corporation will be pulling in significant contributions from its members. There is a clear consensus that personal accounts should wash their own face within a reasonable period, although there might be arguments as to how long that period will be. Crucially, it depends on the consultation, which recently ended, as to the charging structure for personal accounts; I can see that that might affect the period for repayment and so on. We are adamant that any such subventions should be made by way of a proper loan involving a period for repayment and a commercial rate of interest. I hope that I have made it abundantly clear that we reject the suggestion that the personal service obligation applies in this instance. As I said, there was never any suggestion, until recently, that it would apply to personal accounts.

The other issue that I wish to discuss for a few minutes is Lords amendment No. 147 and related amendments to do with the review. It has been fairly clear almost from the outset in dealing with the legislation that Ministers were intending—as, indeed, they still are—to have a review of the operation of personal accounts five years after the start date. Of course, that prompts the question whether 2012 will be the start date. I understand that it remains the firm view of the Minister and of Mr. Tim Jones, the chief executive of PADA, that personal accounts will start in 2012. There is to be an element of the phasing in of personal accounts—we do not want a terminal 5 moment, so I suppose we will start with the short-haul flights and work our way upwards. Of course, that worked really well in the context of terminal 5.

Lord McKenzie wrote a letter dated 6 November to my colleague, Lord Skelmersdale, in which he made the point about the review. He said:

> "We have publicly committed to review in 2017 two of our key measures designed to minimise the impact of the personal accounts scheme on the existing pensions market—the ban on transfers and contribution limits."

He also makes the point that there will be a person appointed by the Secretary of State—I am not sure exactly what sort of "person" the Minister has in mind—who would prepare the report and have a duty to lay a copy of it before both Houses of Parliament. We do not have any problem with that, although I hope it is not churlish to say that if there is an election in 2010 and we are fortunate enough to win it, we will probably have a review then and there, just to see whether everything is going to plan.

The review needs to be as wide as possible. I am pleased that it will look at ways of retaining a barrier between personal accounts and existing provision. We have always favoured putting the £3,600 annual contribution cap on the face of the Bill. We have never understood why Ministers, despite declaring that that was their firm intention, have always resisted putting it in the Bill. That is the policy, and we think that it should be applied. Equally, transfers in and out of personal accounts and lump sum payments in would not be permissible. That would be the case for all sorts of reasons, including not just helping to maintain existing provision, but helping Mr. Jones and his colleagues at PADA for whom simplicity is the key word in preparing for the start date in 2012.

I hope that, as part of the review, a serious body of work will be carried out—it certainly will be if the Conservatives are in government—on the effects of personal accounts, even in their early days, on levelling down and on existing provision. I do not think that there will be a big bang effect immediately, but there may well be a period of attrition of existing provision in favour of personal accounts. For example, new employees joining a company may find that the existing scheme is closed to them and that they are pointed towards personal accounts. I hope that such a trend will not occur, but if it does, I hope that the Government of the day will take urgent action to deal with it.

The massive issue of means-testing is being examined, as I suggested in an earlier debate, and we need to continue to examine it right up to the starting date for personal accounts. It should be monitored regularly. We are keen on a review. If it happens in 2017, as the Bill provides, so be it, but it may well come earlier, depending on the electoral cycle.

Broadly speaking, we are content with the amendments, save that we have tabled amendment (a) to amendment No. 150.

Paul Rowen: I welcome the Minister's acceptance of Lords amendments Nos. 139 to 145. I certainly could not understand at the time why the Government could not commit themselves to using the word "shall" instead of "may" when it came to setting up a scheme. It would call into question what we had all been spending all this time doing if we were not going have a scheme in the end, so that is a sensible move by the Government. I also welcome the Government's acceptance of amendment No. 147, because in Committee we pressed for a review with a time frame. I am glad that that has been agreed.

On amendment No. 150, we made it clear in Committee that conditions should be set down. However, unlike the Conservatives, we were not opposed to the Government making grants. Indeed, that has been done to enable the setting up of PADA, and we do not oppose it obtaining loans. The original wording in the Bill was that the Secretary of State may give financial assistance to the authority, which may or may not include interest. I am grateful that in the other place Lord McKenzie realised that PADA, as a public body, has a job to do in setting up a delivery authority before it hands over to a set of trustees. It will have to build up funds over several years. Therefore, it is proper that, if need be and subject to Treasury rules, it is given a loan to enable it to carry out that job. It is also proper that if that loan is to be repaid, it should be repaid under normal conditions for a public body. If the Minister wanted to transfer that arrangement to the trustees when the scheme was up and running, that would be a different matter, but given that PADA is a delivery authority, it is right and proper for the Government to be able to lend it money and for it to be paid back at normal public service rates.

On that point, we disagree with the Conservatives and their amendment (a). PADA will be no different from the Post Office or other public body that carries out a public duty.

Ms Rosie Winterton: I thank the hon. Members for Eastbourne (Mr. Waterson) and for Rochdale (Paul Rowen) for their general welcome for these amendments.

On the 2017 review, our commitment is to commission a review of just two of the features of personal accounts—the annual contribution limit and the prohibition of transfers to and from the scheme. We think that a

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focused review will be the most straightforward way to meet our commitments in those areas, focusing on the impact of the policies on employers, the pension industry and individual behaviour. The review would examine outcomes in the light of the wider debate on existing pension saving. However, it would be too early after 2012 to commit to a wider review of the reforms, given the phasing in of some features and the long-term nature of pension saving.

With regard to the amendment tabled by the hon. Member for Eastbourne, I stress again that we have no intention of unfairly advantaging the scheme, and we have not discounted the possibility of commercial rate loans. However, in the light of the unique task that we are giving the scheme, and ahead of knowing more about its costs through the procurement process, it is vital that we retain flexibility in how it is funded. Like any other scheme, personal accounts will be targeted on a particular segment of the market. The scheme will also have a public service obligation to accept all eligible employees, irrespective of whether they are loss-making to the scheme.

In the long term, we are confident that the scheme can do that while delivering low costs to members and being self-financing, but in the short term those obligations will add to the challenge of establishing a low-cost scheme. If that is the case, it would be reasonable for the Government to consider whether it was in the public interest to compensate the scheme in some way for the burdens placed on it. Indeed, European state aid rules, whose explicit purpose is to prevent anti-competitive behaviour, recognise that there may be cases in which it is right to compensate a body for performing a public service obligation. These rules are very explicit: it is possible only for the state to recognise the cost of imposing a public service obligation, and it is not possible to go any further. In other words, it is only possible to ensure that the personal account scheme is not disadvantaged by its public service obligations. Therefore, not only do we not want to subsidise the scheme unfairly, but it would be illegal for us to do so. I hope that, with this reassurance, the hon. Gentleman will agree not to press his amendment.

Mr. Waterson: May I probe the Minister further? At what point did the Department decide that the scheme should have a public service obligation? It was not in Turner or in the White Paper, or even in this House. It must have been somewhere between this House and the other place.

7 pm

Ms Winterton: Obviously, in the ongoing discussions about the development of the scheme it has been important to ensure that we consider all aspects of the funding. However, as I have said, our view is that we should maintain flexibility in this matter and that is why we do not agree with amendment (a).

Lords amendment agreed to.

Lords amendments Nos. 140 to 151 agreed to [some with Special Entry].

Clause 76

STAKEHOLDER PENSION SCHEMES

Lords amendment: No. 152.

Ms Rosie Winterton: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 171 to 177, 200, Lords amendment No. 202 and amendments (a) and (b) thereto, Lords amendment No. 203 and amendments (a) and (b) thereto, and Lords amendments Nos. 204 to 206, 215, 216, 219 to 221, 227, 232 to 234, 241 to 246, 279, 283, 284 and 287.

Ms Winterton: The amendments in this group cover a wide range of issues relating to the state and private pension systems. First, on fuel poverty, amendments Nos. 204 and 219 allow the sharing of information about pension credit recipients with energy companies to help energy suppliers provide assistance to poorer pensioners. The regulations that will govern that sharing of information will be subject to full parliamentary scrutiny.

Amendments Nos. 205 and 206 and related amendments in the group will help those who were forced to flee Nazi Germany as children under the Kindertransport arrangements. I pay tribute to the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Harrow, East (Mr. McNulty) and my right hon. Friend the Secretary of State for their tenacious efforts over many years to champion this worthwhile cause. In particular, my right hon. Friend the Minister of State championed the cause on behalf of his constituent, Hermann Hirschberger. The amendments remove a technicality of British insurance that could reduce or remove the German state pension of a Kindertransportee. It has not been easy to find a solution within UK legislation, but I am pleased that we have managed to do so.

Amendment No. 202 and related amendments are designed to help people who face potential disadvantage because of gaps in their national insurance record. Their cause has been championed by my right hon. and noble Friend Baroness Hollis and I pay tribute to her for all her work campaigning on the issue. I know that the cause has also been supported by a number of hon. Members in this House.

The amendments mean that individuals who are eligible to purchase class 3 national insurance contributions will be able to buy up to six additional years for any tax years from 1975. The offer applies to those who reach state pension age between April 2008 and April 2015 and to those who have 20 qualifying years taking into account full years of home responsibilities protection. The amendments have been warmly welcomed by the many stakeholders who have taken an interest in the issue.

As previously announced, and confirmed in the pre-Budget report, the price of class 3 national insurance contributions has been increased to ensure cost neutrality and to reflect the additional value of the contributions after the Government's pension reforms take effect in April 2010.

Steve Webb (Northavon) (LD): The Minister mentioned that the price of class 3 has gone up from about £8 to about £12. Will she break down how much of that increase would have happened anyway as class 3 is now worth more because there are fewer qualifying years post-2010? How much of the increase is due to the revenue neutrality of the amendment? How much would the increase have been without Baroness Hollis's amendment and how much of it is because of that amendment?

Ms Winterton: I am not entirely clear about how the division would occur. If I can find out further information, I shall write to the hon. Gentleman. The two have been put together in order to meet the requirements of the Baroness Hollis amendment, if we can call it that, and the changes to which he referred.

The proposals made by the hon. Member for Northavon (Steve Webb) would amend the Bill to permit a much larger group of pensioners to buy additional years. The costs of extending the rules by removing the 20-year de minimis for those reaching state pension age between April 2008 and 2015 would be at least £3 billion. If we were to take that back to 2004, the total cost would be about £5 billion. That cost would increase for every further year. The benefits gained by people living overseas with a limited connection to the UK would far outweigh the benefits to the women in the UK whom the hon. Gentleman is keen to help. That is why we cannot accept his amendments.

The remaining measures in the group are designed to help simplify our complex pension system. Let me start with state second pensions. The Pensions Act 2007 introduced measures to replace an incredibly complex structure with a much simpler flat-rate amount. The Bill goes a step further and contains measures to simplify the past by consolidating accruals to state second pensions. Amendments Nos. 171 to 176 and 241 to 246 achieve that. They also smooth the consolidation when it applies to those who have been contracted out prior to 1997 and clarify the status of work the Government Actuary will undertake to achieve that simplification.

Let me move on to contracted out pensions more generally. The Pensions Act 2007 contains provisions to abolish contracting out on a defined contribution basis and removes most of the rules concerning the use of protected rights already accrued at the point of abolition. Amendments Nos. 177, 215 and 284 complete that work by removing the survivor benefit rule so that once contracting out on a defined contribution basis ceases there will be no requirements on individuals regarding past protected rights.

Amendments Nos. 152 and 279 remove unnecessary provisions in the Welfare Reform and Pensions Act 1999. Amendment No. 200 corrects a technical error in the Pensions Act 2004. Finally, amendments Nos. 216, 234 and 287 relate to work in progress, in conjunction with the Law Commission, to consolidate private pension legislation.

In summary, the amendments in the group support the Government's simplification agenda and, importantly, they also make the system fairer. I commend the amendments to the House.

Andrew Selous (South-West Bedfordshire) (Con): I, too, join the Minister in welcoming the Kindertransport provisions, in particular, and pay tribute to the group of MPs whom she mentioned who were instrumental in bringing those provisions on to the statute book.

I would like to concentrate on the so-called Baroness Hollis amendment. I also pay tribute to her and to the others who have campaigned on the issue. The amendment will make a welcome difference to a defined group of women who will be able to buy back an extra six years to improve their basic state pension—quite considerably in some cases.

The Government tell us that the measure will be cost-neutral. As has been noted already, there will be an increase in the cost of the class 3 national insurance contribution to reflect the increasingly significant value of those contributions, given the reduced number of qualifying years needed for a full state pension. We understand from Lord McKenzie of Luton, the Minister's colleague in the other place, that around 110,000 people are expected to benefit from the package. So far, so good.

I noted with interest that Lord McKenzie also pointed out that the true actuarial value of a week's class 3 national insurance contribution is around £45. It is worth making the point that, even though the cost has gone up from £8 last week to £12.05 now, that is still pretty good value for the whole category of men and women who will benefit. That does not include everyone, but the people who will benefit should look to take advantage of the offer.

However, my attention was drawn to some comments on the proposals from Ros Altmann, who is a very respected commentator on pensions issues. Indeed, I believe that she is a former adviser to HM Treasury on pensions matters. For some of the time, she has perhaps been a thorn in this Government's side, but many people would say that she has done sterling service for pensioners generally.

Ros Altmann welcomes the fact that the extra years can be bought back and points out that this is not just the women's pensions issue that it is sometimes called. It is important to put on the record that men who were carers or disabled will also be able to benefit. She points out that it is not a free offer: those pensioners or people about to come to pension age who wish to take it up will be paying slightly more for the privilege. However, she also says that the offer is aimed at a quite narrowly defined group of people—specifically, those who already have 20 years of national insurance contributions. Only they will be able to buy back the extra six years, so the offer emphatically does not apply to all women. I know that that is the subject of the amendments from the hon. Member for Northavon (Steve Webb), to which I shall come shortly. It is also worth making it clear that people who retired before April 2008 cannot buy any extra state pension entitlement at all. Any existing pensioners who retired before April 2008 who may think that this is good news need to know that it is not an offer for them.

I have some questions for the Minister, and some of them were asked by my colleagues in the other place. I am not exactly clear what the answers are, so I would be grateful if she tried to address these points when she comes to reply. If she is not able to do that, perhaps she will write to me with the information, but I should be grateful for an answer if that is at all possible.

First, I should like an assurance that the increased revenue that the Government will get from the increased cost of class 3 national insurance contributions will be no more than the extra payments made. I ask that because if, through the extra costs that they are charging

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pensioners, the Government gain more revenue than they pay out, this would be a revenue-raising measure. I am not suggesting for a moment that that is the Government's intention, but I should be grateful for some clarity that the extra revenue raised will be paid out.

Secondly, have the Government made any estimate of how much pension credit may be saved as a result of these provisions? If they believe that there will be a reduction in pension credit, has the Department considered the possibility of incorrect targeting? I ask that because, of course, the group of people who would lose out on pension credit entitlement should not be the ones who take up the offer in this set of amendments.

7.15 pm

Thirdly, will the Minister give the House more information on the information campaign that the Department intends to launch on this matter? As has already been established, there are groups of people who clearly will benefit, and others who should not take advantage of the offer. We know that pensions already mystify a lot of people. It was suggested in the other place that the national insurance recording system could be looked at so that those identified by Pension Service officials as likely or certain to benefit from this offer—the 110,000 people to whom the Minister's colleague in the other place referred—could be written to.

While I am on the subject of those 110,000 people, will the Minister confirm that that is indeed the figure? I noted that Baroness Hollis said in the other place on 29 October:

> "My Lords, something like 550,000 women could benefit"—[*Official Report, House of Lords*, 29 October 2008; Vol. 704, c. 1597.]

Perhaps the Minister could also explain the difference between the figures of 550,000 and 110,000.

Will the Minister tell the House who will run the information campaign? Is it intended to be the Pension Service, or will it be a joint campaign with Age Concern, Help the Aged and the other organisations with which the Department often works in partnership? These are important issues: if the offer is not to confuse people further, they will need help to understand what is a very complex area. Indeed, Ros Altmann has suggested that people should consult an independent financial adviser or go to a citizens advice bureau or the Pensions Advisory Service. She makes the point that it might be best for people to wait until just before retirement before they make a decision, as their situation is likely to be clearer then. She also sounds a warning note to those women who may qualify for a full pension by virtue of their husbands' contributions. That point needs to be borne in mind as well.

I turn now to the amendments tabled by the hon. Member for Northavon. In my speech so far, I have alluded already to a number of his concerns, and specifically to the groups of people who are not covered by the offer. We need to be clear about that. I have looked at his proposals, and I understand where he is coming from. I have general sympathy for the point that he wants to flag up to the House, but the cost—between £3 billion and £5 billion—is pretty high, as the Minister has said already. We need to be clear about what new money would be raised through taxation or what expenditure would be forgone to meet that pretty substantial financial commitment. The Minister in the other place said that the price tag for what the hon. Gentleman was seeking was "very substantial" and, indeed, "unaffordable".

I turn now to the issue of sharing data on pension credit details with energy companies. We in the official Opposition support data sharing, because we realise that many people in the country are greatly worried by the serious nature of their fuel bills. We want to do all we can. We want the Department to play its part in relieving fuel poverty, which will dominate many of our constituents' minds this winter in particular. We therefore welcome the move to ensure that the relevant vulnerable groups are able to benefit from the social tariffs that the energy companies are offering.

However, the data sharing needs to be subject to two specific considerations. First, it must be done with the agreement of the pensioners concerned. The release of data about a pensioner or any other benefit recipient is the release of personal and private information, and all citizens should have a right to know that it will not be divulged to third parties without their express agreement.

I noted with concern that in the other place, Lord McKenzie of Luton said about the agreement of pensioners to data sharing:

> "A potential opt-out is being considered and worked through".—[*Official Report, House of Lords*, 17 July 2008; Vol. 703, c. 1393.]

He was referring to an opt-out for pensioners who did not want their details to be passed on to the energy companies. The word "potential" worries me greatly. Can the Minister give us some clarity about that? Can she tell us in clear language that if a pensioner does not want their details passed on to an energy company, that will not happen?

The second concern is hardly a surprising one. The official Opposition want to see robust safeguards to protect the security of the data that are transferred. There has sadly been a catalogue of lost Government data in recent years, going back to earlier this year when the child benefit data were lost. Sadly, we know from questions asked by my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) that virtually every Government Department has lost often fairly significant amounts of personal data.

I therefore again have a couple of specific questions for the Minister. Can she give us some assurance that if data are on memory sticks and laptops they will not be taken out of DWP or energy company offices? That is how many leaks seem to arise. Can we have an assurance that the data will be encrypted so that if laptops or memory sticks are stolen or lost, at least there is some chance that it will not be possible to read the information? The Minister said that the matter would be subject to full parliamentary scrutiny. Well, I and probably others in the House would like to see a bit of that full scrutiny now, and we look forward to hearing what the Minister has to say. I would appreciate some answers now; I do not want to be told that the issues will be dealt with in regulations. The matter is before the whole House and it would be good to have some reassurances.

I should like to ask the Minister about the pensioners and others whose data will not be passed on to the energy companies. I am a little confused about amendment No. 204 because it refers purely to passing on the details of those who are currently receiving pension credit. Yet in the other place reference was made to those receiving pension credit over the age of 70. Obviously there are pensioners under the age of 70 who are in receipt of pension credit, so why are they being left out? Does the Department have any plans to leave out that group of vulnerable pensioners, who feel the cold as much as those over 70?

What about those who are entitled to pension credit but do not claim it? The Department has details of those people; it knows who they are. I know that it tries hard to contact them, but as my hon. Friend the Member for Eastbourne (Mr. Waterson) has just told the House, about 1.8 million people who are entitled to it do not receive pension credit—roughly a third of all those who are entitled to it.

More generally, what are the Department's longer-term plans in this area? Does it intend to extend data sharing to all those in fuel poverty or on other benefits? Is it the intention to offer a social tariff to those on specific benefits? If the intention is to tie the offer of a social tariff to those on a benefit, has the Department undertaken any research into benefit traps and work disincentives? If eligibility for a social tariff is withdrawn when someone gets into work, they may not want to start work until the winter is over because they would have to pay higher fuel bills.

I have asked a number of questions on important issues. I apologise in advance to the Minister. I know that she is new to the Bill, but these important matters—eligibility, the Baroness Hollis issue and data sharing—are of great concern to all our constituents.

Paul Rowen: I pay tribute to those hon. Members, including the Secretary of State, who raised the issue of Kindertransport. I understand that it involves only 150 people, but it is important for them and it is good to see that an amendment will restore some of their rights.

Like the hon. Member for South-West Bedfordshire (Andrew Selous), I welcome Lords amendments Nos. 202, 203 and 228, which have been referred to as the Baroness Hollis amendments. They go a long way to right a considerable wrong. Lord McKenzie reckoned that there were 550,000 people in this category, 90 per cent. of whom were women. I welcome the fact that the amendments will allow individuals who reach state pension age between 6 April this year and 5 April 2015 to buy an additional six years of voluntary class 3 national insurance contributions, provided they already have 20 qualifying years on their national insurance record.

At present a woman needs 39 years and a man needs 44 years of national insurance contributions to get the full state pension of £90.70. Clearly, the decision to lower that to 30 years for both is welcome; it will go a long way towards making sure that people get what they are entitled to. However, some anomalies remain. For example, if a woman retires before 2010 and buys the six additional years, that will restore only 2.5 per cent. of her weekly pension per year she buys back, while those who retire after that date will get back 3.3 per cent.

The amendment tabled by my hon. Friend the Member for Northavon (Steve Webb) is on a different issue, but the differential between those who will retire up to 2010 and those who will retire after 2010 seems to be yet another anomaly that has been built into the system. I suppose that when it is advantageous or disadvantageous to retire is a decision that bedevils the whole issue of pensions and pension credit. I hope that the Minister will look into it; it is important.

My hon. Friend the Member for Northavon will raise the issues that he has raised previously with further buy-backs. I agree with the hon. Member for South-West Bedfordshire that it would help if we knew what publicity programme the Department was planning on buy-back. As we said when we talked about personal accounts, it is important that people have information if they are going to spend money and then end up slightly worse off or only slightly better off. I hope that the Minister will reassure us that a proper process will be in place and that Citizens Advice or Age Concern, for example, will support people by providing that advice. She said that the scheme will be cost-neutral for the Government. The worst that could happen would be for a woman to enter into the arrangement and find that she is worse off.

7.30 pm

Amendments Nos. 204 and 220 deal with data sharing. Again, I have to agree with the hon. Gentleman about the person involved agreeing to their data being shared. That needs to be made explicit before the data are handed over. We have issues about data sharing and data loss, not least within the Minister's Department. Before we start handing out more data, we need to be clear what arrangements will be put in place. We also need the energy companies to enter into an agreement or code on how that data will be used.

The other issue, which has moved on a bit since the amendments were debated in the Lords, is that the Government have set in train a system of support for people with regard to energy and energy saving, although my hon. Friend the Member for Northavon says that it is complicated. It is restricted to people who receive pension credits. I wonder whether the Department should consider making the system available to a range of other people. I am sure all hon. Members want that support to be given widely because of the steep rises in energy bills that people have been experiencing in the past 12 months. If we are going to share data with energy companies, there is a wider issue to consider of what other data should be shared. If someone is disabled or on a particular benefit, we should ensure that consent is given.

I hope that the Minister can respond to those points. I look forward to hearing what my hon. Friend has to say. We are in complete sympathy with the issue that he wishes to raise, but it is difficult to support something when we do not have the full costs. Perhaps the Minister could write to us with more information on how she has arrived at the figures. I understand that my hon. Friend tabled questions but did not receive the figures until today. Whether we should go further might be a debate for another day, but it would help us to have the basis on which the Minister arrived at the figures.

Steve Webb: As you might expect, Madam Deputy Speaker, I wish to confine my remarks to amendments (a) and (b) to Lords amendment No. 202 and the Northern Ireland equivalent, amendment No. 203, respectively.

[*Steve Webb*]

As my hon. Friend the Member for Rochdale (Paul Rowen) says, it would be irresponsible to table an amendment with a view perhaps to dividing the House without having an idea of the costs. On 30 October I tabled a written parliamentary question for named day answer on 4 November asking what the cost of the amendments would be. As of lunchtime today, I had received no response. Therefore, I am rather surprised that the Minister was able to give the figure, as I asked for it a month ago and have not been given it. I had to table my amendments last week in ignorance, which is unsatisfactory. I hope that she accepts that.

I understood the Minister to say that the £3 billion—a large sum of money—relates to the relaxation of the 20-year rule. I do not know whether she has a separate figure for amendment (a). I will be happy to take an intervention at any point if she wants to clarify that.

Some issues of principle are at stake. The Government accepted Baroness Hollis's amendments, and I pay tribute to her for her work. We are talking about a very restricted group of, generally, women. Many hon. Members will have heard the press coverage and thought, "Something very dramatic is going on. Lots of women will be entitled to buy back years." The impression given was that the changes were given extensive coverage, but there was no mention on the day of the fact that the cost of class 3 was going up by about 50 per cent. Mysteriously, that fact never entered the discussion. As it turns out, it is not an unreasonable charge for the benefit that has been given, as the hon. Member for South-West Bedfordshire (Andrew Selous) said, but it would have been nice to have had a more balanced account of what was being done. Instead, we got the jam rather than the slight sting in the tail.

The package restricts the concessions to a narrow group and is of nil cost to the Exchequer. The amendments are probing. I want to know whether the Government will look again at the restrictions that they have applied, even if not to the extent that I propose. The first restriction is that women who have reached pension age by April this year, or will do so over the next few years, can buy back, but the die is cast for those who are 61, 62 or 63, as the hon. Gentleman said.

Having said that, in the unlikely event that anyone follows our proceedings, I would like to put on the record a brief commercial for the scheme whereby women who have already retired can still buy back. Women born between April 1938 and October 1944 can buy back missing years from 1967 to 2001-02 under the reinstatement of deficiency notice project. The deadline for some women is next March; for others, it is the year after. There is still a chance for women to buy back if they do not fall within the scope of the Lords amendments. I hope that as many women as possible will do that—and continue to send me commission as they do so.

The year 2008 is inevitably an arbitrary cut-off. Many women who retired a few years earlier with incomplete pensions feel aggrieved by that and write to me in large numbers. I am sure that they write to the Minister as well. Baroness Hollis said:

> "I would like this to go further. Ideally, it would be back-dated for older women who had already reached state pension age."—[*Official Report, House of Lords*, 29 October 2008; Vol. 704, c. 1590.]

My suggestion is very much in the spirit of what the Baroness was trying to do. It is entirely consistent with that.

Amendment (a) refers to 1978, which essentially means pretty much all retired women, which may be overdoing it, but I hope that the Government will over time look at the issue again. It is in the spirit of what used to be called new Labour—I do not know whether that exists any more. It is very much in the spirit of something for something. We are not asking for charity or a freebie. The women have incomplete records. Why? Generally because they have spent time in low-paid, part-time jobs not earning enough money, perhaps while bringing up a family. There is a raft of perfectly good reasons why women may not have complete pension records. To penalise them by saying that they cannot even now put money back into the system because it is too late—their chance has gone—is unfair.

The reason women in their early 60s and beyond are getting incomplete pensions is by and large because of pension rules written in the 1940s, yet we still apply that model and women are suffering today because of it. It is anachronistic and we could extend the scope of the arrangement. As it is, what we will have is essentially a two-tier retired population. Women who hit 60 now or over the next few years will potentially get a much more generous deal. Women who are now 61, 62 or 63 will for ever be the poor relative. That simply seems unfair.

The Minister said, "Ah well, but many of them are living overseas." Good luck to them! I am astonished that the Government's basis for not accepting an amendment that allows women to put money into the system and get something back out of it is that they do not live here any more. They paid all their contributions when they lived here. Why should they not choose where to live? They should not be discriminated against because they have chosen to go and live somewhere else. I was not aware that that was culpable morally in the Government's eyes, but perhaps it is. We should extend the scope of the arrangement, perhaps not back as far as 1978, but to an interim period.

The second amendment, amendment (b), notes that we are going to restrict the concession to people who have already put 20 years or more into the scheme, and, again, I find that very odd. The hon. Member for South-West Bedfordshire will be familiar with the biblical verse:

> "To those who already have, more will be given."

I had not realised that it was Government policy, but it seems to be now. If one already has at least two thirds of a pension, because once the minimum period is 30 years, anyone with 20 years will get at least two thirds of a pension, and potentially much more, one will be able to pay more in; but the women who have put in 19, 18, 17 years or less, and are already scrimping and getting by on wholly inadequate pensions, will not be able to. The women who have already put in 20 years or more are, on average, more likely to be able to afford the extra years, but it will be a struggle for the women on smaller pensions. There will not be hordes of them, and I am astonished at the cost, because it will depend on take-up. Given how complicated the whole process is, I should be astonished if there was take-up on the scale that has been described, but those women are surely the priority, so why have the Government prioritised women with bigger pensions over those with smaller pensions?

It seems to be entirely the wrong way round, and I hope that the Minister will explain the logic, if logic be the right word for the provision.

The women who suffer most through the pension system are those who have put in, perhaps, eight or nine years, and do not get any pension at all because they have not satisfied the 25 per cent. rule. It would be good if those women were able to benefit most by being able to make extra contributions and, actually, to receive a pension. Some of them do not, and they are precluded.

I was rather startled by Lord McKenzie's comments on the matter, because, on the reason for 20 years, he said:

> "That enables us to target help to those who have already made a significant contribution and are genuinely seeking to plug small gaps in their records."—*[Official Report, House of Lords, 29 October 2008; Vol. 704, c. 1589.]*

What is not genuine about the woman with 15 years of contributions? In what sense is that not a genuine attempt to plug a gap, albeit not a small one? The crucial point is that many women have gaps in their records, but they have not spent their time backpacking around Australia, as I think someone mentioned. The odd one may have, but Government policy should not be framed around the assumption that women with incomplete pensions are backpackers. They, like anyone else, simply want to put in their own money and get something back for it. Something for something seems to me to be a good basis for Government policy.

By tabling these amendments, I have been able to get an answer to my parliamentary question, which I could not get by tabling a parliamentary question. We therefore now have an idea about the cost, and it is clearly very large. I shall not pursue my amendment, but I urge the Government both to look again at the very tight and restrictive way in which they have drawn the other amendments, and to think about whether something more generous might have been considered.

Ms Rosie Winterton: I thank the hon. Members for South-West Bedfordshire (Andrew Selous) and for Rochdale (Paul Rowen) for their support on the Kindertransport amendments. I shall try to deal very quickly with the points that have been made, but if anything is left out, I shall write to hon. Members.

On the issue of data security, we will ensure that the sharing of data will be in compliance with existing safeguards and will follow statutory and best practice guidance. *[Interruption.]* So, that's okay, isn't it? Clause 136 allows regulation-making powers to strengthen the legal safeguards of data that are shared by the Government and energy suppliers by creating a new offence for anyone who unlawfully discloses data. On the question of whether the Government will supply all details of pensioners to those private companies, our plans for data sharing involve sharing a minimum amount of data, and that is simply required to confirm that pensioners are in receipt of pension credit. Obviously, the aim is to ensure that energy suppliers are able to provide assistance directly to poorer pensioners, but we will ensure that appropriate safeguards are in place, including in respect of the opt-out. Legal safeguards are already in place through the Data Protection Act 1998 and the Human Rights Act 1998, meaning that access is restricted to the minimum amount of information that is necessary for the purpose. We are looking at ways to address the concerns of pensioners who want to opt out of the process, and we will keep the Opposition informed about that.

On Baroness Hollis's amendment and the question of writing to people who could benefit, we will work with colleagues at Her Majesty's Revenue and Customs over the coming months to consider the best way of publicising the scheme. We can also do things with, perhaps, Age Concern, Help the Aged and so on, and I know that Baroness Hollis has been looking at some of those issues.

7.45 pm

The difference between the figures of 110,000 and 550,000 relates to the people who might be eligible to make an application, and the people whom we feel would benefit from making a claim. We arrived at the take-up figure of 20 per cent. based on previous exercises.

On the issue of increased costs and pension credit, overall, as I have previously said, the package was cost-neutral and the costs were net of income-related benefits, including pension credit. Returning to data sharing, I should say that the Fuel Poverty Advisory Group advocated such data sharing, and we will work with organisations to ensure that we get it right.

Andrew Selous: I am still a little confused about the difference between the figures of 550,000 and 110,000. If I understood the Minister correctly, she said that she thought that the take-up would be 20 per cent. of the 550,000 people who could benefit. I am a little bit concerned about that, because she would miss out a group of 400,000-plus people, whom I think she says could benefit, but, it seems, will be left out.

Ms Winterton: It was a reference to the fact that some people could be eligible for the six-year extension, but it may not be considered to be in all their interests. We arrived at the 20 per cent. figure based on that and on previous exercises. Obviously, it is for individuals to decide whether they feel that they would benefit, but we estimate that we will end up with a figure of about 20 per cent.

I am sorry that the hon. Member for Northavon (Steve Webb) feels that his parliamentary question has not been answered, and I shall have another look at it. I asked officials to look today at the £3 billion and £2 billion issue in order to respond to his points. However, it is very difficult to go back—right back—to 1978 and calculate the increased costs. In effect, we have given the minimum estimated cost, going back only to 2004. If we went back a further period, as I think his question asked us to, the cost would, indeed, be higher. I shall try to get as accurate a figure as I can, but I wanted to give him a minimum figure this evening.

In view of the time, I shall not reiterate my previous arguments. I understand the hon. Gentleman's points, but we estimate that the cost of accepting his amendment would be at least £5 billion, and we want to target help where it is most needed. Our amendments have been widely welcomed, so I am afraid that I must reject his amendment and commend the others to the House.

Lords amendment agreed to.

Lords amendments Nos. 153 to 177 agreed to [some with Special Entry].

Clause 93

ACTIVATION OF PENSION COMPENSATION SHARING

Lords amendment: No. 178.

Ms Rosie Winterton: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to consider Lords amendments Nos. 179 to 199, 217, 218, 224 to 226, 231, 247 to 278, 285, 286 and 289.

Ms Winterton: As we are in the final stage of the debate, I should like briefly to thank my officials in the Department for all the hard work that they have put into the Bill. They have tried to maintain an open dialogue with members of the Opposition and stakeholders, and I pay tribute to their extremely hard work. They have supported not only us in this House, but my noble Friend Lord McKenzie in the other place.

This final group of amendments has been introduced to strengthen the operation of the Pension Protection Fund, the financial assistance scheme and the pensions regulator. Amendments Nos. 178 to 187 and related amendments make sure that the provisions relating to the sharing of compensation on divorce, dissolution of a civil partnership or annulment work correctly. Amendments Nos. 188, 192 and 193 ensure that the Pension Protection Fund can recover costs when dealing with sharing orders.

Amendment No. 260 and related amendments follow from an issue raised by my hon. Friends the Members for Preston (Mr. Hendrick) and for South Ribble (Mr. Borrow)—that of lump-sum payments of PPF compensation for the terminally ill. That was an important campaign, and I thank my hon. Friends for what they have achieved. Amendment No. 260 would allow members with future rights to PPF compensation who have a progressive disease, from which their death may reasonably be expected in the following six months, to access a lump sum equal to two years' worth of the compensation that they could expect on reaching their normal retirement age.

I turn to the financial assistance scheme. Amendments Nos. 194, 196 and 217 seek to allow schemes that were not previously eligible—particularly small schemes such as that operated by Desmond and Sons—to qualify for the FAS. Government amendments Nos. 194, 196 and 217 would enable us to bring forward regulations to allow those schemes into the FAS by making exceptions to the current requirement that pension schemes must have started to wind up before 6 April 2005 to qualify for the FAS. My hon. Friend the Member for Foyle (Mark Durkan) has done a lot of campaigning on behalf of his constituents who worked for Desmond and Sons.

This group also contains a number of technical amendments that allow us to protect scheme assets, for example. Amendment No. 278 relates to the anti-avoidance powers of the pensions regulator. Hon. Members will be aware that earlier this year, the Government consulted on proposals to make proportionate changes to those powers, to deal with new risks that have emerged in the market. Subsequently, the Government tabled amendments that would include a new alternative test for the regulator's power to issue contribution notices.

Our stakeholders, including the CBI, the British Venture Capital Association and the National Association of Pension Funds, agree that we have made enormous progress in developing this legislation through the amendments in this group, striking the right balance between protecting members' benefits and minimising the impact on routine business. In summary, all the amendments are designed to help the PPF, the FAS and the regulator function effectively and continue to build confidence in pensions. I commend the amendments to the House.

Mr. Waterson: I shall try to tailor my remarks, because although this is an important group of amendments, which deals with some important issues, we are subject to time constraints—which, of course, were imposed by the Government.

I join the Minister in thanking everybody who made going through this process such a huge amount of fun. There is no physical similarity, but the Minister slightly reminds me of Marshal Blücher arriving in the early evening of the battle of Waterloo, just in time to bayonet the wounded. The Minister has arrived in the nick of time and is here to take the victory parade, as it were.

Lords amendment No. 198 and related amendments are about the important issue of buy-outs. It is hugely important to get that issue right. Initially, I am afraid, the Government got it horribly wrong. Our position has always been clear: yes, the business models for buy-outs of pension funds have run ahead of the legislation and the regulation, so something needed to be done. However, we did not need to throw out the baby with the bathwater. For some people in some pension funds, a properly regulated and financed buy-out would give an element of security that they would not otherwise have—and, incidentally, would allow the sponsoring company to get on with its core business instead of spending all its time worrying about running the pension fund. That is our position, and we have never wavered from it.

Initially, when the Minister's predecessor approached me about the potential concerns about the issue, I said that we were happy to give our general support, subject to seeing the detailed legislation. The then Minister made a statement in April about his intentions, thereby stopping any unsuitable deals in their tracks. With the permission of the Attorney-General, he made it clear that the provision would be retrospective, and we had no difficulty with that.

We parted company with the Government when they introduced in the Lords a wide regulation-making power to deal with the issue, without putting any detail in the Bill. That caused huge debates in the House of Lords. The Government forced it through before the summer. However, I am pleased to say that during the summer, wisdom prevailed; organisations such as the CBI, the British Venture Capital Association and others made it clear that if the Government were not careful, and overdid things, they could jeopardise genuine turnaround situations and legitimate business models that give the security to which I referred earlier.

In the event, that argument was won; the Government staged a more or less graceful climbdown. Huge thanks must go to my colleagues Lord Skelmersdale and Baroness Noakes in the Lords. The Government tabled a series of detailed amendments for discussion and debate, including more sensible defences, a new alternative test for the use of the contribution notice power, a list of factors to guide the regulator and a code of practice. The proof of that particular pudding will be very much in the eating, but we have now reached a more sensible solution to a problem that was perhaps being overstated. Now we may have the powers just about right; I hope that they will be used with considerable discretion, care and caution.

I am not saying that the pensions regulator is like the police, who always want more powers, but we need to be careful about simply giving more and more powers to the regulator if that is likely to upset the delicate balance in situations where a rescue could be staged, and if it is likely to tip companies that could have been rescued, along with their pension schemes, into the arms of the PPF. Now we have the "reasonably foreseeable" test and other details that are broadly satisfactory. In its brief for this debate, the CBI said that it

> "worked with government to develop effective, targeted powers sought by the Pensions Regulator to properly regulate non-insured pensions buy-outs, while having a limited effect on the normal course of business for the vast majority of employers that sponsor a defined benefit scheme."

That is absolutely right; indeed, the business models may well change further over time and it is important that we keep monitoring them as they do.

Let me refer briefly to amendment No. 256. The lump sum from the PPF for progressive illness when death is likely within six months is an important provision. Amendment No. 194 and others concern the financial assistance scheme. I will not dwell on the long and painful process of getting the Government to face up to their responsibilities following the ombudsman's report, but we welcome the extension of the FAS to schemes that were previously excluded.

8 pm

Another point about the FAS as regards payments for those with illnesses concerns the test being applied to people expected to die within five years. The ubiquitous Dr. Ros Altmann points out:

> "By definition, if some have an 80 per cent. chance of living beyond 5 years, then 20 per cent. of them may well die in less than that time"

and therefore be excluded from assistance. She argues for more discretion. I hope that the Government will have another look at that in the light of the representations made by Dr. Altmann and no doubt others.

These will be my valedictory few sentences on this Bill. On amendment No. 197, I pay tribute to Lord Fowler, who spoke very clearly on the issue of annuitisation. Our position is well known. We do not see why we should be the only country on the face of the planet that has compulsory annuitisation. This week at the ABI conference, I was heartened that Otto Thoreson made supportive remarks about scrapping compulsory annuitisation. We recently urged the Government at least to loosen the rules temporarily during the turmoil in the markets, but they were unwilling to do so. In the long term, this must be addressed, and if this Government will not do so, then we will.

Paul Rowen: I, too, thank the officials at the DWP, who have supplied us with a lot of helpful information.

I should like to concentrate on three aspects of the amendments. We welcome amendments Nos. 194, 195, 196, 197 and 217, which bring schemes that fall outside the financial assistance scheme and the pension compensation scheme into the FAS. There are probably only a small number of people who were employees where an employer was experiencing insolvency after 6 April 2005 but delayed winding up. We are glad that that provision has been inserted into the Bill.

We welcome the amendment that allows payments to people who are terminally ill—that is very sensible. We welcome the series of amendments that deal with divorce where one party is a member of more than one scheme, which mean that the courts will be able to make share orders relating to each individual scheme. Those are sensible provisions. As the hon. Member for Eastbourne (Mr. Waterson) said, no doubt Ros Altmann will continue to have a lot more to say about this.

Like the hon. Gentleman, we are disappointed with the Government's stance on annuitisation. That will be a debate for another day, because the issue is not going to go away.

Ms Rosie Winterton: I would like to take this opportunity to thank parliamentary counsel for all the work that they have done on the Bill. I understand that the hon. Member for Eastbourne (Mr. Waterson) once feared "death by seminar". I hope that he has not felt that tonight's debate was "death by amendment". However, the number of amendments before us, although large, reflected the approach of consensual policy reform. I hope that we will continue in that vein and achieve that consensus in order to effect positive change to transform the British savings system for the future.

Lords amendment agreed to.

Lords amendments Nos. 179 to 289 agreed to [some with Special Entry].

Standing Orders (Select Committees)

[Relevant document: The Fifth Special Report of the Liaison Committee, HC 1110, on Modernisation of Language in Standing Orders relating to Select Committees.]

8.5 pm

The Deputy Leader of the House of Commons (Chris Bryant): I beg to move,

That the following amendments be made to Standing Orders-

(1) In Standing Order No. 125, line 2, leave out 'the examination of witnesses' and insert 'oral evidence sessions'.

(2) In Standing Order No. 128, line 5, leave out 'minutes of the proceedings' and insert 'formal minutes'.

(3) In Standing Order No. 129,(a) line 1, leave out 'minutes of the proceedings' and insert 'formal minutes', and(b) line 2, leave out 'laid on the Table of' and insert 'reported to'.

(4) In Standing Order No. 130, line 2, leave out 'minutes of' and insert 'record of the'.

(5) In Standing Order No. 131, line 2, leave out 'under examination'.

(6) In Standing Order No. 133, line 3, leave out 'minutes of the'.

(7) In Standing Order No. 135, line 5, leave out 'memoranda of evidence' and insert 'written evidence'.

(8) In Standing Order No. 137,(a) line 4, leave out 'minutes of proceedings' and insert 'formal minutes',(b) line 5, leave out 'minutes of', and(c) line 12, leave out 'laid upon the Table' and insert 'reported'.

(9) In Standing Order No. 139, line 34, leave out 'minutes of their proceedings' and insert 'its formal minutes'.

(10) In Standing Order No. 143, line 62, leave out 'minutes of'.

(11) In Standing Order No. 145, line 35, leave out 'minutes of'.

(12) In Standing Order No. 146, line 27, leave out 'minutes of'.

(13) In Standing Order No. 152,(a) line 21, leave out 'minutes of',(b) line 22, leave out 'to lay upon the Table of the House the minutes of the proceedings' and insert 'the formal minutes', and(c) line 28, leave out 'minutes of their proceedings' and insert 'their formal minutes'.

(14) In Standing Order No. 152A, line 26, leave out 'minutes of'.

I rise to speak to the motion standing in the name of my right hon. and learned Friend the Leader of the House relating to Standing Orders on Select Committees. I do not intend to delay the House for longer than I strictly need to. I always hesitate to say that things are not controversial, because they then often suddenly turn out to be controversial after all. However, these changes to Standing Orders are not controversial. They merely change the wording in various of our Standing Orders so as to catch up with the practice of the House that is already in operation. They have come from the Liaison Committee. I think that there is full agreement across the House that we should be making them, not least because the way in which we publish Votes and Proceedings will change when the new Session begins. It is therefore important that these changes go through swiftly.

8.6 pm

Mrs. Theresa May (Maidenhead) (Con): Likewise, I will not detain the House for very long. I am tempted to say to the Deputy Leader of the House that he can breathe a sigh of relief, because the usual suspects are not in the Chamber. *[Interruption.]* "Not yet," says the Government Deputy Chief Whip.

It obviously makes sense to ensure that the language in which our Standing Orders are written is understandable to those outside who may wish to look at them. It is important to make everything that we do here in Parliament more accessible to people, and this is part of that. As the hon. Gentleman says, these proposals have come from the Liaison Committee. I do not intend to detain him by saying that it is a great pity we are not making further amendments to the Standing Orders governing the European Scrutiny Committee; that would be to reopen a debate that we have already had. I welcome the proposals.

Question put and agreed to.

COMMITTEES MEETING CONCURRENTLY

Ordered,

That the following amendments be made to Standing Orders:

(1) No. 124 (Quorum of select committees):

Line 6, leave out from 'concurrently' to Standing' in line 7 and insert 'pursuant to sub-paragraphs (1)(b) or (1)(ba) of'.

(2) No. 137A (Select committees: power to work with other committees)

Line 14, at end insert the following sub-paragraph-

'(ba) to agree with any other select committee or sub-committee of this House on the exercise of any power which each of those committees or sub-committees may separately have to appoint specialist advisers, to authorise witnesses to publish written evidence submitted by them, or to adjourn from place to place;' -*[Chris Bryant.]*

WELSH GRAND COMMITTEE

Ordered,

That—

(1) the matter of Public Expenditure in Wales be referred to the Welsh Grand Committee for its consideration;

(2) the Committee shall meet at Westminster on Wednesday 17th December at Nine o'clock and between Two o'clock and half-past Four o'clock to take questions under Standing Order No. 103 (Welsh Grand Committee (questions for oral answer)) and to consider the matter referred to it under paragraph (1) above; and

(3) this Order shall be a temporary Standing Order of the House.—*[Chris Bryant.]*

Mr. John Haase and Mr. Paul Bennett

Motion made, and Question proposed, That this House do now adjourn.—*[Barbara Keeley.]*

8.7 pm

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): It is a pleasure, Madam Deputy Speaker, to be in the Chamber under your strict invigilation. I know that you will make sure that we stick to the subject in this aptly timed debate, as it has turned out. It is a rather arcane subject for most people, but it is certainly on the record, because I bob up every few years to have a debate on it.

I am extremely pleased that the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle)—my neighbour and a fellow Liverpool MP—is to answer on behalf of the Government. She not only knows about the kind of environment to which I will refer, but has been a practising lawyer in the city of Liverpool and is therefore well versed in some of the nuances of the characters who play a role in this saga.

Back in 1996, when the then Home Secretary set free two vicious career criminals just 11 months after they were sentenced to 18 years in prison for drugs offences, considerable concern was expressed—not just in the city of Liverpool, I hasten to add, but in this place. Indeed, I remember one hon. Member, now Lord Carlile, demanding a statement from the then Home Secretary. I mention Lord Carlile in particular because some years later, as a barrister, he defended one of the two principals in this case, John Haase. As I say, Lord Carlile was not the only person to express concern, and neither was I; there were many others, including many hon. Members, journalists and people in the city of Liverpool who knew that something was radically wrong if two such vicious individuals could be allowed the sort of remission that they had obviously been given.

Let us note that their release, when it came, was at the fag end of the parliamentary Session, as Members went off on summer recess, going away on holiday or whatever. When I discovered that John Haase and Paul Bennett had been released, I was at home in Liverpool. In fact, I was about to leave my home to go on Sky TV to excoriate the Government of the day for releasing these people when I received a telephone call from the then Home Secretary in which he advised me not to do the interview. He told me that if I did so, the two people in question—the two informants, as they came to be known—would have their lives put at risk. That may seem an irrelevant argument from 12 years ago, but it came to have a strong bearing on what happened just a few weeks ago.

Obviously, I took the then Home Secretary at his word. Although I was on the Opposition Front Bench at the time, I deferred to the privileged information that the Home Secretary of the day had. As a precautionary measure, I rang up the shadow Home Secretary, who at that time was of course my right hon. Friend the Member for Blackburn (Mr. Straw). I told him what had transpired because I thought it remarkable; I just wanted to put it on the record. As the summer wore on, and I heard more reports, I became more and more concerned about the release, to put it mildly. If the lives of the two individuals—Haase and Bennett—were at risk, they were oblivious to it. They were back on the streets practising their criminal arts, and they were involved in a whole range of criminal activities. Eventually, in 2001, Haase went back into prison on gun, money laundering and drugs charges. His partner in crime and nephew, Paul Bennett, went on the run, and it was not until relatively recently that we were able to locate him and get him back.

A campaign started at that time that brought us to today's debate, 12 years later. The reason why is simple: on 19 November, John Haase received 22 years, and Paul Bennett 20 years, for conspiracy to pervert the course of justice—the very charge that I first brought to the attention of this House on 7 March 2001, and which I repeated in a debate on 21 May 2004. It was blindingly obvious to me what had happened, but it seemed as though various agencies of the state did not recognise what was obvious. I have to exempt some individuals from that. Some people in various agencies were equally concerned, but the agencies themselves seemed almost powerless to do anything about the situation.

The truth was that the agencies did not want to do anything about the situation because it was a tremendous embarrassment to them. Not only was it an embarrassment to them, but what had happened in the course of the conspiracy meant that everyone was a winner. The police were winners because they took huge numbers guns off the streets of Liverpool. The customs were winners because they were lifting up to 50 kg of heroin at a time, and they were disrupting the supply rings feeding the heroin trade in the UK. They were winners. It turns out that the Prison Service seemed to be a winner, because it discovered a gun in Strangeways prison thanks to information conveyed by Haase. Everybody seemed to be a winner. Of course, that was not true: the criminal justice system was a tremendous loser because of what was going on.

I brought the matter to the attention of not only the House, but various Ministers. I brought it to the attention of my right hon. Friend the Member for Blackburn when he was Home Secretary and nothing happened. I took it to my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) when he was Home Secretary, and nothing happened. It would be remiss of me not to give credit to my right hon. Friend the Member for Norwich, South (Mr. Clarke) and his then junior Minister, my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins), because when I took it to them, I am happy to say that some action did follow. That action gave me an opportunity, but it would not have happened except for their intervention.

I felt that many hours and years of personal effort were being wasted as I spoke to Minister after Minister. I tabled questions, had debates, parlayed with journalists and tabled early-day motions—all apparently to no avail. But it was not to no avail, in fact. I was building up a body of evidence, ably assisted by an investigative journalist supreme, Graham Johnson, and I built up a case that was irrefutable, as we found when we got the police involved.

To return to the Clarke-Goggins regime in the Home Office, however, the opportunity that they gave me was simple. If I could prove a prima facie case to the chief inspector of constabulary, the issue would be revisited. I am happy to say that the chief inspector agreed that there was a prima facie case, and as a result, Operation Ainstable was launched. It was set up within the

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Metropolitan police in order that the matter could be thoroughly investigated by someone outside the original investigation, in my view.

It would be wrong of me not to mention what an excellent team was put together for Operation Ainstable. It was ably led by Dave Johnstone and Graham McNulty. The members of the team did a thoroughly professional job. They covered a complex history with extremely dated records. Nevertheless, the application, experience and knowledge of those members of the Operation Ainstable team shone through. As the process went on and on, their work made an ultimate conviction inevitable.

Why then, one might ask, am I back in the Chamber tonight? Why am I not happy that these two career criminals are where they belong—banged up in a category A prison? It is because that is only part of the story. A much fuller explanation is owed to Members of this House and to the public as to how such a corruption of the criminal justice system could take place. I know that the two principals have received heavy sentences, and I know that the initial travesty of their release has been corrected, but all the other questions must be answered by someone at some stage. I shall give the House a couple of examples.

It is staggering to me that between 1992 and 1996, the royal prerogative was exercised in 176 different cases. These proceedings take place behind closed doors; we do not even know that they are happening. What brought the Haase-Bennett case to my attention, and through me to the attention of those who also became concerned—it is whereby we ultimately got these convictions—was their arrogance. They were so arrogant, they thought that they could swagger around the streets of Liverpool at their old trade and nobody would notice, or at least nobody would get at them. If they had done what the judge in the original trial believed they were going to do, which was to change their identities and go to South America, nobody would have known what had happened. Nobody would have had a clue, and I wonder in how many other cases that remains so because of the secrecy that obtains in the exercise of the royal prerogative.

I should point out that the figures I mentioned covered the period from 1992 to 1996, and they dropped between 1997 and 1999. But the process started again, involving five prisoners between 2000 and 2002. Those are not the huge figures of earlier years, but we are still oblivious as to what is going on with regard to the exercise of that prerogative. We do not know what conditions are laid down or what deals are being done. In such cases, we are often talking about supergrasses. The supergrasses are well versed in subverting the system for their own ends.

That corruption of the system has happened before and it will happen again. There was a famous case back in 1979 in which Judge Michael Argyle attacked the supergrass system. He was talking about two supergrasses named David Smith and George Williams. Many people thought at the time that measures had been taken to ensure that the kind of failings in the supergrass system that had been exposed would not be repeated. Sadly, they were repeated.

Generally, when people talked about how supergrasses were treated, they meant in a policing context. However, the context is entirely separate when it comes to Customs and Excise. For example, only in recent days I have discovered by reading through Home Office material that I obtained under a freedom of information request, that powers analogous to the exercise of the royal prerogative are vested in Customs and Excise. I was completely unaware that Customs and Excise could mitigate sentences—I have mentioned it to a number of senior police officers, and they did not know exactly what those powers were, either. Not only would we not know how the royal prerogative was being exercised; we would not know how the powers of Customs and Excise were being exercised. Where those powers would be exercised today is anybody's guess—whether through the Serious Organised Crime Agency or the UK Border Agency, or in conjunction with the Revenue I just do not know—but the powers are there and they have been used.

I am particularly alarmed that the handler in the Haase-Bennett case was a customs officer, not a police officer. It was shown in a previous case in the early '90s—it is known as the Charrington case, because it involved an informer called Brian Charrington—that there was a certain enthusiasm in customs for protecting informers. In that case, a notorious cocaine dealer called Curtis "Cocky" Warren—I believe that I taught him when he was a kid, but I cannot remember him, so he must have been a very unprepossessing boy—walked away. He told the then head of customs, who then told me, that he had just made £87 million, before adding in his own colourful language, "And there's nothing that you can—expletive—do to stop it." Despite that history of failure, the practice continued; it certainly did so in the Haase-Bennett case.

The officer who was in charge of the original investigation is key to the systemic problems in respect not only of the lack of co-ordination among agencies, but of how the royal prerogative applies. The reason I say that is to do with how one gets the royal prerogative exercised, so I should explain that to the House. When I set out on this odyssey, I knew nothing about that, so I asked Members who were barristers, but they did not how it was done, either. I have learned since how one gets the royal prerogative exercised.

What happens is that the officer in charge of the investigation submits a report to the trial judge—I believe that it used to be called a Greenfield report—and says, "Mr. Judge, these two men are contrite. In fact, he wrote that they wouldn't return to their life of crime." Anyone who knew anything about Haase and Bennett knew what a risible statement that was, but that was nevertheless part of that officer's entreaty to the judge, which also included claims about all the co-operation that they had given him. The judge then looks at the report and says, "My word, this is absolutely fantastic", before writing to the Home Secretary of the day. The Home Secretary then makes a decision based on the judge's letter.

The Home Secretary does not have to say yes or no—the decision is entirely up to him, but it is presumably based on the merits of whatever the judge sends and can obviously vary from Home Secretary to Home Secretary. The Haase-Bennett case ended with a charge of conspiracy to pervert the course of justice. One of the mistakes commonly made in this place and beyond is to assume that all criminals are stupid, but I know that they are not. They may be vicious, nasty, immoral or even amoral, but one thing that they are not is stupid. Haase and

Bennett knew how to find their way through the system. They knew how the process worked—I did not know; the barristers to whom I have referred did not know—because that is their business.

Haase and Bennett also knew that they needed a pretext on which to go to the judge and say, "This is what we want—this is the quid pro quo." That was the point at which they became registered informants who were handled by a junior officer. I would argue that they manipulated that junior officer, who went unreprimanded when his senior officer pointed out that there were problems. In fact, it was not until 1998—two years after Haase and Bennett's release—that the senior officer in that case gave the junior officer an instruction not to have anything to do with those career criminals.

I ask the House: what is any member of any agency doing mixing with such people? That officer has never been able to show whether Haase and Bennett were still registered informants when he saw them after their release. Indeed, it is quite the reverse: the evidence that he gave in 2001 in another trial of John Haase suggested that he was not an informant. There are huge problems of supervision, but let us return to the tale of the criminals and how they justified their cri de coeur to the judge—through their solicitor, of course.

Haase and Bennett decided to become informants and provide information. They effectively gave three kinds of information. They gave information that allowed the police to intercept large numbers of guns, and when I say "large numbers", the biggest cache was 80 guns. We are talking about 150-plus weapons, including machine guns, pump-action shotguns, automatic weapons, Kalashnikovs, take Semtex and grenades—enough of an arsenal to wage a war. The irony was that there was no war, despite all the rumours and everything that was said. Instead, we are talking about a staged opportunity for the police to take all that weaponry off the streets, even though it had been placed in those locations precisely to be discovered and thereby to form a plank of Haase and Bennett's argument for being seen as bona fide informants who deserved remission.

The second thing that Haase and Bennett did was reveal to prison staff a secreted gun in Strangeways prison. That gun was allegedly to be used by a man who was on trial for a double murder, for which he ultimately was convicted. I know nothing about the issue of that murder, but I know that it must be prejudicial to that man's trial if a gun secreted inside a prison is attributed to him and the allegation is made that he was going to take hostages in order to escape. At the very least, I would hope that somebody in authority—somebody in the Government—would ponder that and consider the case again, because that man has been in prison for 14 years already.

Once, when I spoke to John Haase in a high-security prison, I mentioned the prisoner who had carried the can over the gun, Thomas Burke. John asked me, "Have you ever met him?", and I said that I had not. He asked, "Do you know him?", and I said that I did not. He said, "He's mad", and I asked "What makes you say that, John?" He replied, "When he shot those two blokes, he never wore a balaclava; everyone could see who he was." So, Haase thought that his madness was not in killing people, but in doing it openly and not hiding his face when committing that horrendous crime. Those are the kinds of people we are dealing with, but Haase's word was taken in that case.

The third area in which Haase and Bennett operated was the traditional area of the supergrass—turning over all the underlings. Haase did that by the bucket load, and probably saved himself a lot of money, as those people are being taxed by other criminals now that they have gone down. That is how the underworld works. Nevertheless, the people in authority thought it was a great deal, and that Haase and Bennett had done the state a tremendous service by bringing those matters to the attention of the authorities. The fact that it was all a conspiracy that was designed specifically to get them out of jail seemed to pass by the authorities, although it did not pass by anyone in the underworld, or anyone with half a brain who looked at the facts. For example, all the gun caches were discovered without anyone ever being apprehended in association with them, and no one was ever near the scene of the crime. Individuals who could see the scam voiced their concerns, but Government agencies collectively and systemically failed. In so doing, they failed the people of this country and let the criminal justice system down.

Many things have come to light, even since the conviction, that merit further investigation of the case. Back in 1996, the then Home Secretary wrote letters to Members of the House, on the advice of officials, about the original conviction. One letter expressed the view that Haase and Bennett had no part in the importation of drugs, but they did. Everybody knew that, including the authorities and me. In fact, there was a plea bargain, in which the importation charge was dropped. Haase and Bennett pleaded guilty to distribution, because they were already looking ahead at how easily they could manipulate the system. They knew that if they were charged with importation, as well as distribution, it would be much more difficult for them to convince the judge and the Home Secretary that their sentences ought to be commuted. Things were that well planned. Unfortunately, Members of this place were misled, and were told that Haase and Bennett were not involved in importation. Oh yes they were, and the officials knew they were. The fact that a deal was done is neither here nor there. It is quite different to say that they were not involved in importation.

I realise that Haase and Bennett were practised liars, but it has really been struck home to me how badly the different agencies are co-ordinated when it comes to dealing with a sophisticated manipulation of the system. The original trial judge, David Lynch, was in the witness box in the recent court case. I spent three days in the witness box, but it must have been very embarrassing for Judge Lynch to have to appear in it. I was quite taken by one of his widely reported comments. He said that he would never have become involved with the recommendation if he had known how tainted it all was. He was told that Haase and Bennett were going to change their identities and go to South America, but if that had been so, I would not have been on the case 12 years ago. Perhaps, then, Operation Ainstable would never have taken place, and they would not now be incarcerated. The case would just have been another subversion of the criminal justice system.

Thank God for the Freedom of Information Act 2000, even with all its limitations, because I have managed to obtain one piece of correspondence, after just

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about anything else of practical use had been deleted. R. J. Wood of the Home Office's criminal cases unit wrote, on 11 October 1996, in an advice note to the then Home Secretary:

> "We knew from the outset after all that Haase and Bennett intended going back to their Liverpool stamping ground".

They knew from the outset. I find that amazing. They knew—as I said earlier, anybody with half a brain knew what Haase and Bennett would do. It is their business and trade; they never change. They were going back to their stamping ground. But who advised the judge? Was this not in the letter that went to the Home Secretary? Is there no full explanation or background briefing note on the exercise of the royal prerogative, or is it just two pals who drop a little billet-doux to each other, on the back of which two seasoned criminals are allowed back on the streets to prey on the people in my constituency and many others in the country? If there is no communication on these matters, that is appalling.

I mentioned earlier that these decisions are taken by the Home Secretary of the day. I have just quoted Mr. Wood of the criminal cases unit. He was a very assiduous adviser—and for all I know he still is, to the present Home Secretary. Perhaps he is in a well-earned retirement. Referring to a 1993 case, he wrote to the then Home Secretary on 27 June 1996 to state:

> "The amount of remission to be recommended to the Palace is a matter for the Home Secretary. This position recognised that responsibility for recommendations to Her Majesty resides with the Home Secretary, not the judiciary."

I would argue that that is wrong.

If I had a choice, I would try to find a way for a panel of senior judges who are in some way fire-walled from the trial judge—that would not be impossible—to take any decision on the exercise of the royal prerogative. Is that not better than one individual—him or her sitting in splendid isolation—taking the decision after being given a half-accurate letter, perhaps guilty of sins of omission, from a judge? Is that a basis for the Home Secretary of the day to make a judgment? That cannot be right.

It worries me that at some time in the future we will have a repeat of this, when others learn how to abuse the system. As I mentioned, it happened in the '70s and we thought that we had cleared it up; this is a case from the '90s and we think that we have cleaned it up. It is going to happen again unless there is better co-ordination between the agencies concerned.

In this case, there must also be somebody somewhere who is able to look into the roles of some of the individuals involved. I am very concerned, and always have been, about the role of the customs officer who was the handler for the two informants. He played a most peculiar role in this sorry tale, and more detail is already on the record from the debates that we have had. I would certainly like somebody to look into why a prison officer—albeit a temporary one, allegedly—was able to take a gun into a prison. A report was done, but no one has ever seen it. It is kept in-house; it is another instance of the culture of secrecy that we have in government. A prison officer smuggled a gun into a prison and a report was carried out, yet it has never been published anywhere. There is something radically wrong there: it certainly does not help to create a greater degree of faith either in the criminal justice system or the prison system. We need to look into what went on.

In short, I believe that we need a full, open and independent inquiry into this case, which strikes at the very heart of our criminal justice system. In fact, for quite a while, these people were successful at completely subverting the criminal justice system. On the face of it, the customs were duped, the police were duped, the Home Office was duped, the judge and the judiciary were duped. Everybody was duped by two career criminals. Yet to the best of my knowledge, no one in government has ever accepted any responsibility for this. It is as if it just happened as an act of God. It did not; it happened because the systems were not in place to deal with it.

I hear whispers, but no formal announcements, that procedures have changed in the police forces, in Customs and Excise or whatever agency is involved now—the Border and Immigration Agency or the Serious Organised Crime Agency—and all over the place. I do not believe that. I fear that until someone has investigated what took place in what amounts to a scandal involving the subversion of our criminal justice system and has put that on the record, we shall merely pass time until we see a repeat of what happened.

8.40 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): I congratulate my hon. Friend the Member for Liverpool, Walton (Mr. Kilfoyle) not only on securing the debate but on the extensive and assiduous way in which he has pursued this matter for at least 12 years. Anyone who has stood where I stand now during that time must be well aware that my hon. Friend, who is known to be tenacious and inquiring in Liverpool, has repeatedly proved himself to be such in this place, on behalf of his constituents. He has, of course, raised this matter in the House before: in March 2001, when he produced a number of allegations along with information about the men involved—which he made public—and in an Adjournment debate in May 2004. Now, at the end of the most recent court case involving Haase and Bennett, he is here again.

I can only congratulate my hon. Friend on his tenacity in pursuing his concerns, but he can take some satisfaction, and indeed has done so, from the convictions of the two men at Southwark Crown court last week for perverting the course of justice. I think that the prison sentences of 22 and 20 years imposed on them constitute recognition of not only the seriousness with which he has done his work, but the seriousness with which the criminal justice system treats what has happened. It is clearly a good thing that these two men are back behind bars where, as my hon. Friend said, they so clearly belong.

I know my hon. Friend will appreciate that it would not be proper for me to comment too much, or go into too much detail, about decisions made by an earlier Administration. However, it is public knowledge that the initial impetus for the reduction in sentence in these cases came, entirely and properly, from the trial judge, and that in supplying information to the judge, Customs and Excise was properly fulfilling its obligations to the court. My hon. Friend made a number of observations about the way in which that operated in this case, which

I intend to take away and look at rather more closely. I hope that he will forgive me for not dealing with them in more detail this evening.

My hon. Friend asked for an assurance that the events that he described could not be repeated, while making clear his belief that, as things stand, they probably could. I want to say something about these matters—to the extent that I can—and particularly about the exercise of the royal prerogative of mercy and the way in which it is currently used, given the detailed concerns that my hon. Friend has expressed about it. I also want to say something about the Serious Organised Crime and Police Act 2005. My hon. Friend will be aware of some of it, but I also want to respond to a few of his more general points.

By constitutional convention, the Secretary of State for Justice in England and Wales is now responsible for recommending to the sovereign the exercise of the royal prerogative of mercy; at the time to which my hon. Friend refers, it was the Home Secretary. Three forms of the royal prerogative of mercy are used to grant pardons to convicted criminals. I do not want to discuss the conditional pardon, which is used to commute death sentences to sentences of life imprisonment, because—for somewhat obvious reasons—it is not currently in use. The two main forms of pardon that are still available are free pardons and remission pardons.

The form of pardon most commonly understood is the free pardon; in this context it means that the pardon is free from any conditions, rather than "free" in the more common usage of the word. Free pardons are rarely granted; the last was in 1996. The Criminal Cases Review Commission now investigates alleged miscarriages of justice and, where it concludes that there is a real possibility that a conviction is not safe, can refer the conviction to the Court of Appeal, the route most commonly used for dealing with these matters.

A decision by the Secretary of State for Justice to recommend the use of the royal prerogative of mercy to grant a free pardon is restricted to cases where it is impractical for the case to be referred to an appellate court and, secondly, where new evidence has arisen that has not been before the courts, demonstrating beyond any doubt either that no offence was committed or that the defendant did not commit the crime. The applicant must be technically and morally innocent. These criteria have proper regard to the constitutional position that the courts decide whether a person is guilty of an offence, not the Government.

The other form of pardon is the remission pardon, the means by which Haase and Bennett were released early from their sentences in 1996. This type of pardon provides for the release of a prisoner from having to serve some or all of the remainder of their sentence. It also provides for someone who has been subject to a monetary penalty to be released from the obligation to pay all or part of it. Remission pardons are usually considered in cases where the applicant has provided assistance to the prosecuting authorities—the police, HMRC, the Crown Prosecution Service—or to the Prison Service, or in recognition of meritorious conduct; for example, saving the life of a fellow prisoner or member of prison staff. It can also be considered for a breach of public faith where a release date has been incorrectly calculated. For brevity, I will concentrate my remarks on the use of the remission pardon in cases where there has been help to the police or prosecuting authorities, which, until the discovery of the perversion of the course of justice to which my hon. Friend referred, was the reason for the original decision in this case.

Remission pardons for help to the police and prosecuting authorities have continued to be granted since the Haase and Bennett case, and five have been granted—my hon. Friend referred to this—since 1997. None has been granted since 2002. No remission pardon has been considered since 2004, when two were refused. These figures contrast with those quoted by my hon. Friend for the years between 1992 and 1996, when I think he said that there had been 192 cases. I hope that the much smaller number of cases now offers some reassurance that such pardons are indeed used sparingly. They are by no means automatic and are granted only after rigorous consideration and in the light of compelling evidence.

The tailing off in the use of remission pardons is most probably due to the introduction of the Serious Organised Crime and Police Act. The Act introduced a framework of written notices and agreements to deal with offenders who offer assistance to law enforcement. These range from immunity through to reviews of sentence for assistance provided following conviction and sentence. The provisions for reductions in sentences upon conviction in the Crown court for assistance given or promised prior to sentence are restricted to those who enter a guilty plea.

Once sentence has been passed, the Act also allows for that sentence to be referred back to the sentencing judge for review if assistance or further assistance is subsequently given. This provision is not limited to those who have pleaded guilty. In both instances, any reduction in the sentence given in recognition of assistance supplied or promised can be referred back to court by the prosecutor and reduced by the court if the assistance is not forthcoming in accordance with the agreement.

These are important provisions and mean that an initial decision is taken by the prosecutor whether to enter into a written agreement that may affect the sentence, and any reductions will, in the vast majority of cases, be at the discretion of the court and not granted by politicians. I hope that gives my hon. Friend some reassurance on some of the points he made about the difficulties that the secrecy inherent in the situation have brought, with the decision being taken by a politician acting on advice and somewhat removed, necessarily, from the circumstances. Things are done somewhat differently now.

As my hon. Friend the Member for Wythenshawe and Sale, East (Paul Goggins) informed the House in an Adjournment debate in 2004, a review of the use of the remission pardon by the then Home Secretary at that time concluded that the royal prerogative of mercy should not normally be used to shorten sentences in recognition of information supplied to the authorities and known to the trial judge at the time of sentence, which is what occurred in the Haase and Bennett case. The provisions of the Serious Organised Crime and Police Act would now almost certainly cover the Haase and Bennett circumstances. One would hope the outcome might be somewhat different, but one could, of course, always envisage the contrary being the case; these people are not stupid, and there are always those who are willing to try to subvert our justice system.

[Maria Eagle]

It would not be appropriate to say that a remission pardon should never be used in such circumstances, because there may be rare cases where it is important for the Justice Secretary to retain such discretion, but one would hope that that would be much rarer than in the past. May I reiterate to my hon. Friend the Member for Liverpool, Walton that the Justice Secretary would consider a remission pardon to be appropriate only in the most exceptional case where there was no other way of dealing with the matter, and even then it would need to be absolutely clear that the person concerned had provided information that was of real value to the authorities?

My hon. Friend also raised concerns about the role of the customs officers in this case. Her Majesty's Revenue and Customs has a proven track record as a successful law enforcement agency and it prevents many harmful and illegal items, such as class A drugs, from being smuggled through UK frontiers. This case was in the mid-1990s and I understand that practices have changed considerably since that time. I shall now set those changes out, while understanding that my hon. Friend is perhaps a little more cynical, with his past 12 years of experience, than some might be.

The Butterfield review of criminal investigations and prosecutions conducted by customs was published in July 2003. The report recommended revised arrangements for handling intelligence sources. These new arrangements were put in place in September 2003 and extensive law enforcement training commenced in April 2004. This training focused on improving the systems and control for the classification and handling of human source intelligence. In addition, significant enhancements in the assurance procedures for all criminal investigations have been introduced. All criminal investigation officers now receive regular upskilling and refresher training. In HMRC the following is now the case: no investigating officer is allowed to handle informants directly connected to his case—which happened in Haase and Bennett; specially trained officers handle all informants; HMRC has a group dedicated to professionalism and standards in criminal justice and enforcement; and HMRC is subject to oversight from outside in how it handles such matters.

My hon. Friend has made it clear that he considers this to be one of the worst possible cases of corruption in the criminal justice system, and it is certainly a very serious one. There is no doubt that Haase and Bennett managed to corrupt the criminal justice system, but in the end justice caught up with them.

My hon. Friend has made a number of specific requests that I wish to take away and consider further, and then come back to him. His call for an independent public inquiry would ensure that the lessons that he perceives to be essential following his long association with this matter can be properly learned. I will consider what he has said on this, but I am not committing the Government.

Two sorts of inquiry are open to us. The first is an inquiry under the Inquiries Act 2005. Such an inquiry is usually set up where concern has been caused by particular events or where there is public concern that particular events may have occurred. A number of inquiries have been set up using that legislation, including, most recently, one chaired by Sir William Gage to investigate the death of Baha Mousa and the treatment of those detained with him. Inquiries set up under the 2005 Act have the power to compel witnesses to give evidence. However, it is of course the case that inquiries do not determine civil or criminal liability.

The second possibility is a non-statutory inquiry, because not every inquiry set up by the Government needs to have statutory powers to compel evidence. Witnesses are often willing to co-operate with the inquiry panel, so the formal mechanisms of the 2005 Act are not always necessary. My hon. Friend may have his views about what kind of inquiry he would seek, and I would be willing to discuss the matter with him further outside the Chamber.

Finally, I wish to tell my hon. Friend again how much hon. Members appreciate the assiduity with which he has pursued this matter, which is of public concern, not only in his constituency and in Liverpool, but more widely. He must feel that his efforts have been vindicated, and he should certainly be pleased that justice has, at last, been done, in part thanks to the work that he put in. The criminal justice system has changed a lot since the mid 1990s, and as I hope I have been able to show, the safeguards have been strengthened. One hopes that will enable us to prevent this kind of thing from happening as frequently as his remarks showed he fears it might.

I think that the chances of a case such as this happening again are remote, but there is no doubt that there is always a chance that it will. My hon. Friend rightly says that we should remain vigilant and that we should do all we can to minimise the possibility that such a catastrophic subversion of our entire criminal justice system as he has set out, and as Haase and Bennett were clearly able to perpetrate, could take place. The whole House will want to congratulate my hon. Friend on his efforts. It is at least something that Haase and Bennett have now got their just deserts in the recent prison sentences handed down to them, which they are now serving.

Question put and agreed to.

Adjourned accordingly at three minutes to Nine o'clock.

House of Commons

Wednesday 26 November 2008

The House met at half-past Eleven o'clock

PRAYERS

[Mr. Speaker *in the Chair*]

PRIVATE BUSINESS

Leeds City Council Bill (By Order)

Nottingham City Council Bill (By Order)

Reading Borough Council Bill (By Order)

Orders for Second Reading read.

To be read a Second time tomorrow.

Manchester City Council Bill [*Lords*]

Order read for resuming adjourned debate on Question [25 November].

That the promoters of the Manchester City Council Bill, which was originally introduced in the House of Lords in Session 2006-07 on 21st January 2007, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*The First Deputy Chairman of Ways and Means.*]

Debate to be resumed tomorrow.

Bournemouth Borough Council Bill [Lords]

Order read for resuming adjourned debate on Question [25 November].

That the promoters of the Bournemouth Borough Council Bill, which was originally introduced in the House of Lords in Session 2006-07 on 21st January 2007, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*The First Deputy Chairman of Ways and Means.*]

Debate to be resumed tomorrow.

Canterbury City Council Bill

Order read for resuming adjourned debate on Question [25 November].

That the promoters of the Canterbury City Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*The First Deputy Chairman of Ways and Means.*]

Debate to be resumed tomorrow.

Leeds City Council Bill

Order read for resuming adjourned debate on Question [25 November].

That the promoters of the Leeds City Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*The First Deputy Chairman of Ways and Means.*]

Debate to be resumed tomorrow.

Nottingham City Council Bill

Order read for resuming adjourned debate on Question [25 November].

That the promoters of the Nottingham City Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*The First Deputy Chairman of Ways and Means.*]

Debate to be resumed tomorrow.

Reading Borough Council Bill

Order read for resuming adjourned debate on Question [25 November].

That the promoters of the Reading Borough Council Bill, which was originally introduced in this House on 22nd January 2008, should have leave to suspend any further proceedings on the Bill in order to proceed with it, if they think fit, in the next Session of Parliament according to the provisions of Private Business Standing Order 188A (Suspension of bills).—[*The First Deputy Chairman of Ways and Means.*]

Debate to be resumed tomorrow.

Oral Answers to Questions

WALES

The Secretary of State was asked—

Mr. Speaker: I call Question 1.

Seaside Economy

Chris Ruane (Vale of Clwyd) (Lab): Seaside towns have benefited enormously—

Mr. Speaker: Order. Wait until the Minister answers the question.

1. **Chris Ruane:** What recent discussions he has had with ministerial colleagues and Welsh Assembly Government Ministers on the seaside economy in Wales. [237997]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): Wales Office Ministers have many discussions with Government colleagues regarding all matters relating to Wales, including the economy of seaside areas. Recently, the Secretary of State, accompanied by the First Minister and my hon. Friend the Member for Vale of Clwyd (Chris Ruane), visited several schemes set up under the Rhyl city strategy, including the entering retail course and the Rhyl Youth Action Group.

Chris Ruane: I apologise for that; I get excited about seaside towns. Seaside towns—I have déjà vu—in Wales have benefited enormously under this Labour Government. They are able to access billions of pounds of objective 1 funding. We have introduced mandatory licensing of houses in multiple occupation, and we have created tens of thousands of jobs. However, more needs to be done. There needs to be more co-ordination between the UK Government, the Welsh Assembly Government, and local government. Will the Minister visit my constituency and see what he can do to help join up government in seaside towns?

Mr. David: I commend my hon. Friend for his tremendous enthusiasm on behalf of seaside towns, and Rhyl in particular. He is absolutely right to stress that partnership is vital to success. The Rhyl city strategy brings together a range of partner organisations behind the shared strategic goal of reducing worklessness in the town. The Rhyl city strategy recently benefited from the Department for Work and Pensions deprived areas fund and the Welsh Assembly Government's decision to provide funding for employability training. I would be delighted to join my hon. Friend in visiting some of those projects in Rhyl.

Mr. David Jones (Clwyd, West) (Con): What consideration has the Minister given to the impact on the seaside economy of the presence of large numbers of transient residents? A recent study for Conwy county borough council revealed that almost a third of the concessionary bus passes issued in the borough had been granted to the occupants of holiday caravans. Does the Minister acknowledge that the presence of large numbers of transient residents can put a significant burden on the public purse, and will he raise the issue with colleagues at Westminster and in the Welsh Assembly?

Mr. David: This is an important issue, which should be looked at in a cool and moderate way. We should be careful to use terms that are not emotive and that do not paint an inappropriate picture. It is therefore important for us to have objective studies, while of course recognising that visitors are welcome to our seaside towns. Let us be clear: there are real signs in Wales of the tourist industry picking up after the admittedly difficult past few months. There are also clear indications that that progress is far ahead of what is happening on the other side of Offa's Dyke.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): Is my hon. Friend aware that part of the success of the tourist industry in Wales is down to increased quality? May I recommend that he visit the Bluestone project in my constituency, which received £16 million of funding from the Welsh Assembly Government and has created 340 jobs—all local, apart from one—and 220 units of accommodation of the highest standard? That is the future of the tourist sector in Wales. I recommend that he talk to our right hon. Friend the Secretary of State, who is sitting next to him, and who has already visited.

Mr. David: I thank my hon. Friend for his comments, and I will certainly have a word with my right hon. Friend. I can already sense my visiting list becoming larger by the day. I have heard about the excellent work done in Pembrokeshire and the valuable contribution made by Bluestone. That sets an excellent example for businesses, and one of the things that stands out is the fact that it uses renewable energy in an extremely efficient way.

Sir Patrick Cormack (South Staffordshire) (Con): By how much has the sale of candy floss increased during the Government's lifetime?

Mr. David: I know that the hon. Gentleman does not attend Wales questions very often, but they are a serious business, and it is important to recognise that tourism is one of the essential elements that creates a dynamic economy in Wales. It is very much our lifeblood, so I commend the Welsh Assembly Government for their tourism strategy, which is making great strides. There is a strong partnership between central Government and the Welsh Assembly Government to ensure that all aspects of tourism are effective—including, I suspect, the consumption of candy floss.

Economic Situation

2. **Mrs. Madeleine Moon** (Bridgend) (Lab): What recent discussions he has had with Welsh Assembly Government Ministers on measures to assist the Welsh economy in the current economic situation. [237998]

4. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What recent assessment he has made of the state of the Welsh economy. [238000]

The Secretary of State for Wales (Mr. Paul Murphy): Working in very close partnership, the United Kingdom Government and the Welsh Assembly Government are doing all that they can to help Welsh businesses and Welsh families through the financial difficulties that they now face.

Mrs. Moon: I am sure that my right hon. Friend is aware that over the past year Bridgend college has won numerous awards for partnership working with employers and trade unions to drive up standards and skills. Will he ensure that local colleges receive the funding that they need to make sure that our Welsh work force have the necessary skills and abilities to help them seek employment and to retrain so that work can both be kept and attracted to Wales during the difficult economic times?

Mr. Murphy: Yes, indeed, I will do that. I talked to Jane Hutt, the Minister for Children, Education, Lifelong Learning and Skills, about further education and, indeed, the need for reskilling. Further education colleges have an important role to play in that. I worked in one myself for 17 years, and the skills that can be transferred, even for people in their 50s and 60s, are important if we are to deal with the economic difficulties that we face. I will indeed do that, especially with reference to Bridgend college, which does a very good job.

Mr. Goodwill: The Welsh economy has lagged behind the rest of the economy during the boom. Is there any reason to believe that it will fare any better during Labour's bust?

Mr. Murphy: I do not accept that the Welsh economy has lagged behind anything. Over the past number of years, there has been a huge change in the way in which people work in Wales. When I first came to Parliament, there were 3 million people out of work throughout the country, and many hundreds of thousands in Wales. The Welsh economy has been transformed over the past 10 to 15 years. Of course, we face huge difficulties like every other country in the world at the moment, but we have a robust government structure in Wales, with the

Assembly working very hard with the Government. For example, only a few weeks ago in north Wales, we met businesses, both small and large, and local government, and they are all pulling together to ensure that the Welsh economy survives well in the present circumstances. The last thing that I want to do is talk down the Welsh economy.

Dr. Hywel Francis (Aberavon) (Lab): I welcome the pre-Budget report, and the help that it gives the Welsh economy. I welcome, too, the Secretary of State's prominent role in Welsh economic summits, and the way in which that has engaged CBI Wales and Wales TUC. In that spirit of co-operation and consultation, I urge the Secretary of State to meet the Welsh automotive forum at the earliest opportunity so that he can hear at first hand its concerns about the future of employment in that sector.

Mr. Murphy: Of course I will do that. As all Welsh Members and other Members will know, the Welsh automotive industry is hugely important. In my constituency, for example, at least 2,000 to 3,000 people work for that industry directly—and a few thousand people indirectly—making brakes. I recently visited Meritor in Cwmbran, and we discussed the impact on the automotive industry of the fact that small businesses could not get money from the banks which, in turn, meant that they could not buy things produced by larger industries. The action we have taken to try to encourage banks to lend to small businesses will have a knock-on effect on the automotive industry, which is a very important point indeed.

Adam Price (Carmarthen, East and Dinefwr) (PC): Was making the announcement through a single bullet point in the pre-Budget report that Welsh jobs at the Royal Mint are to be auctioned off to the highest bidder in the middle of a recession to pay for the economic incompetence of this Government either fair or responsible, and what did the Secretary of State for Wales do or say in Cabinet to oppose those plans?

Mr. Murphy: If the hon. Gentleman had read, for example, *The Daily Telegraph*, which I do from time to time, he would have seen that some 40 per cent. of British people—some 15 or 16 per cent. more than the rate for Conservatives—believe that the Government are doing a very good job of dealing with the economic problems at the moment. That is a complete change from several months ago. As I said to previous questioners, the Government are doing a very good job of dealing with the Welsh economy, together with the Welsh Assembly.

So far as the Mint is concerned, the hon. Gentleman and I have both read the sentence in the pre-Budget report about

> "a study to explore the potential benefits of alternative future models for the Royal Mint".

There is no mention of hawking anything at all; it is about better ways of getting value for money in the Royal Mint. There is nothing wrong with getting value for money out of Government Departments or Government agencies. The hon. Gentleman reads too much into a single sentence.

Mr. Martin Caton (Gower) (Lab): My right hon. Friend knows that the manufacturing sector plays a larger role in the Welsh economy than it does across the whole of the UK. Does he agree that if Government at all levels protect and support Welsh industries as we go into recession, Welsh industries have the potential to lead us out of it?

Mr. Murphy: Yes, of course I agree. My hon. Friend is right to point out the importance of the manufacturing sector in many Welsh constituencies, including his constituency and my constituency. It will play an important role in bringing us out of recession, which will undoubtedly occur in years to come. At the moment, however, our job is to ensure that we help small and large businesses and families in Wales. It is no good doing nothing, which is what the Conservative party wants to do. We must do something positive to help Welsh people and Welsh businesses.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Unemployment is increasing in Wales at a faster rate than in any other part of the UK. Manufacturing jobs, particularly at Hoover in Merthyr Tydfil and Bosch in Llantrisant, are at risk. Even a Tory Minister promised to intervene in industry before breakfast, before lunch and before tea to protect jobs. When will the Secretary of State and his colleagues in the Assembly intervene to ensure that that massive loss of jobs is staunched as soon as possible?

Mr. Murphy: The criticism levelled against the Government over the past couple of days has been that we have intervened too much—we cannot win. The Government have committed hundreds of billions of pounds to stop the banking system collapsing. If it were to collapse, what would happen to manufacturing industry and small businesses in Wales? The hon. Gentleman knows as well as me that all the agencies, the Welsh Assembly and the Government are bending over backwards to help our manufacturing industry and people who have unfortunately become unemployed, by finding new jobs and reskilling people. There is positive intervention by government, whether at local level, Welsh level or United Kingdom level.

Mrs. Betty Williams (Conwy) (Lab): Does my right hon. Friend agree that, because of the work pattern history in Wales—slate, coal and steel—Welsh workers have proved themselves to be adaptable and are prepared to learn new skills? Is he aware of the excellent work carried out at the Faenol skills centre, which is now the conservation centre, in my constituency? Will he link my question with that of my hon. Friend the Member for Bridgend (Mrs. Moon) and ensure that sufficient funding is available for such skills centres, working closely with further education colleges in the area?

Mr. Murphy: Yes of course I will. My hon. Friend makes the extremely important point that Welsh people have over the past dozen to 20 years been so adaptable and flexible in moving from traditional industries—in my constituency, coal and steel—to many others. That is important, because there is now a diverse range of jobs in Welsh constituencies. When the recession hits, we will be able to sustain ourselves more effectively than we could when we were reliant on one or two industries. I agree with my hon. Friend about the importance of reskilling in further education colleges and other institutions.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): On Monday, the Prime Minister borrowed more money than any Government in history, in a gamble that puts a time bomb in the pocket of every family in Wales. Let us understand what that means: schoolchildren in Wales today will spend most of their lives paying off this Labour Government's debt. With the revelation of the secret plans to raise £5 billion through a VAT hike on top of the other tax increases, what impact will that have on the people and businesses in Wales?

Mr. Murphy: The hon. Lady knows that my right hon. Friend the Chancellor of the Exchequer has already said that that will not be the case, but on the hon. Lady's general comments, the important point that Welsh people understand is that the Government are acting on their behalf—acting on behalf of businesses; acting on behalf of pensioners; acting on behalf of households. What would the Opposition do? Absolutely nothing. We have had lots of criticism about borrowing, as if we were the only Government in the whole world who were borrowing a great deal of money, but she knows that the United States, for example, is likely to borrow 25 times as much as we are, because they are doing exactly the right thing—as we are, in order to save our businesses and to help the people of Wales. The Opposition have absolutely nothing to offer them.

Mrs. Gillan: I hope that the Secretary of State is right, but he knows that he is not right when he says that we would do absolutely nothing. That is not the truth. With a further £5 billion of Government efficiency savings, the Secretary of State told *The Western Mail* that the public sector should tighten its belt, and that the savings are about such things as procurement and the right contracts for IT. The Archbishop of Wales said today that people are just as important as the bottom line, so, in fairness to the people whose jobs will be affected, will the Secretary of State tell the House which procurement contracts and IT projects he was referring to, and which areas of the public sector in Wales will have to tighten their belts?

Mr. Murphy: The hon. Lady knows as well as I do that the Government should at all times be conscious of value for money, but particularly at this time. She will also be aware that a large number of savings have already been made throughout Government on procurement contracts, computer contracts, and bought-in services such as human resources—not just by ourselves, but by the Welsh Assembly. However, she still has not told us what the Conservatives will do for Welsh people in these difficult times. It is no good just hoping that the recession will go away while doing absolutely nothing. We still do not know their plans.

Renewable Energy

3. **John Robertson** (Glasgow, North-West) (Lab): What recent discussions he has had with the Welsh Assembly Government on renewable energy projects in Wales. [237999]

The Parliamentary Under-Secretary of State for Wales (Mr. Wayne David): My right hon. Friend and I have regular discussions with Welsh Assembly colleagues on energy projects. Renewable energy has a vital role to play in the future energy economy of Wales and of the United Kingdom as a whole.

John Robertson: As an existing low-output energy source, nuclear should be a part of that mix. My hon. Friend will know that the Nuclear Decommissioning Authority will auction off the nuclear sites in Wales in the next few weeks, so will he assure me that we will not get into the battle that we have had in Scotland, where the argument has been thrown out with the bathwater, and that we will have a proper discussion about energy sources in Wales?

Mr. David: Yes, it is vital to have a comprehensive energy discussion and a strategy. Global energy challenges require a diverse and increasingly low-carbon mix that includes the consideration of all reasonable options. Increased energy efficiency, renewables, carbon capture and storage and nuclear power all have vital roles to play. I am sure that my hon. Friend will be aware that the Wales Office has publicly supported building at the existing Wylfa nuclear power station on Anglesey, and that is very important not only in itself but for the island's economy.

Lembit Öpik (Montgomeryshire) (LD): Is the Minister aware that Powys citizens would much prefer to have their street lights powered by renewable energy than to have them switched off wholesale by the local authority, plunging the county into a new dark age, the like of which has not been seen in the area since the blackouts of world war two? Will he consider diverting the extra £235,000 that has been given to the Wales Office for administration purposes to keep the lights of Powys on, using renewable sources?

Mr. David: Obviously, street lighting is tremendously important for all our communities. However, I am sure that the hon. Gentleman will acknowledge that the work of the Wales Office is extremely important, particularly with regard to the effective implementation of the Government of Wales Act 2006. The hon. Gentleman would not want those resources to be diverted, even if it were possible. He should really make representations to the Welsh Assembly Government. Then, I am sure, his comments will have some effect.

Joan Walley (Stoke-on-Trent, North) (Lab): Will the Minister consider visiting the National Centre for Alternative Technology in Machynlleth to see for himself the work being done on renewables? Will he talk with his Cabinet colleagues about ways in which the UK can help with the additional funding needed for the Wales Institute for Sustainable Education research project under construction there?

Mr. David: The Centre for Alternative Technology at Machynlleth is indeed extremely important; it demonstrates various ways of living a more sustainable lifestyle and its work is relevant not just to Wales but to the whole of the United Kingdom. I understand that the centre offers a consultancy service for business and private clients who wish to follow a more eco-friendly approach. I have visited the centre in the past, and I give a commitment to visit it once again as soon as is humanly possible.

Robert Key (Salisbury) (Con): Will the Minister visit the website www.stopthebarrage.com? He will find a growing list of organisations and individuals opposed to causing irreversible damage to the Severn estuary, but strongly in favour of using tidal flow energy as an important renewable resource.

Mr. David: The issue of the Severn tidal barrage is extremely important. Numerous studies have been carried out in the recent past and before that. As a Government, we have to recognise that we are committed to reducing CO_2. The Severn tidal barrage could have a huge effect on the economy of the country as a whole and on our efforts to reduce carbon emissions. I am absolutely convinced that the Government will keep on looking positively at the initiative and studying the possibility of establishing an economically sustainable Severn tidal barrage.

Mr. Peter Hain (Neath) (Lab): Will my hon. Friend ignore the strictures of the hon. Member for Salisbury (Robert Key) and look at the expert evidence from Dr. Rob Kirby? It shows that there has been a catastrophic decline in shore bird species—especially the dunlin—in the past 40 years because of the different impacts of the environment on bird life in the Severn estuary. If we had a Severn barrage, biodiversity would rapidly increase. It would be a win win, representing the biggest renewable energy project in Britain and an improvement in biodiversity, including shore bird life. Will the Government please go ahead and push the project?

Mr. David: I commend my right hon. Friend for the excellent work that he did as Secretary of State for Wales in taking forward the project. It is important. The Sustainable Development Commission has given it a positive recommendation, and there is a strong case for further investigation into a sustainable Severn barrage. I give a commitment to the House that the work will continue.

Public Sector Jobs

5. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What recent discussions he has had with the First Minister and ministerial colleagues on the economic effect of proposed public sector job reductions in (a) the European convergence area of west Wales and the valleys and (b) Wales generally; and if he will make a statement. [238001]

The Secretary of State for Wales (Mr. Paul Murphy): I am conscious of how important public sector jobs are to Wales; that is why in the past few years nearly 3,300 such jobs have come to Wales. For example, there have been 286 Pension Service jobs in my constituency.

Mr. Llwyd: I am afraid that that is a rather complacent and disappointing answer. It is disappointing because for months now I have been pressing the right hon. Gentleman to intervene on the job cuts in Wales. Only this week, my hon. Friend the Member for Caernarfon (Hywel Williams) was told that 2,200 extra jobs would now be created in the Department for Work and Pensions. I urge the right hon. Gentleman to ask for a moratorium on the damaging cuts in Wales.

Mr. Murphy: The hon. Gentleman has raised the issue on a number of occasions, as have other Members. Last week, I discussed the matter with my right hon. Friend the Financial Secretary. The hon. Gentleman is aware that as far as Her Majesty's Revenue and Customs is concerned, no job losses are involved, and there will be no compulsory redundancies. He is also aware that, only yesterday, my right hon. Friend the Secretary of State for Work and Pensions announced that there would be no closures of Jobcentre Plus offices in Wales, as had previously been planned.

Albert Owen (Ynys Môn) (Lab): Will the Secretary of State for Wales join me in welcoming yesterday's announcement by the Secretary of State for Work and Pensions not to go ahead with the proposed closure of jobcentres in Wales at this crucial time? We need more support for front-line services that help those faced with unemployment. Investing in the unemployed is the price worth paying, not what the Opposition offered in the 1980s.

Mr. Murphy: Yes, of course. I very much welcome what my right hon. Friend the Secretary of State for Work and Pensions announced yesterday. The whole point of his announcement was that this Government act on behalf of Welsh people and businesses, as opposed to the Opposition, who have absolutely nothing to do or say on the issue of the recession.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [239195] **Sir Peter Tapsell** (Louth and Horncastle) (Con): If he will list his official engagements for Wednesday 26 November.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure that the whole House will join me in sending our profound condolences to the family and friends of Marine Alexander Lucas, who was tragically killed in Afghanistan on Monday. We owe him and all those who have lost their lives in conflict our grateful thanks for this service and for their sacrifice.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Sir Peter Tapsell: I join the Prime Minister in his lament at the death in action in Afghanistan of yet another of our heroic young men.

Since the chairman of the Royal Bank of Scotland has publicly apologised for wrecking his bank, will the Prime Minister apologise to the nation for wrecking the British economy?

The Prime Minister: I am very pleased to hear—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister speak. *[Interruption.]* Order. Mr. Gray, be quiet. I keep on telling you to be quiet and you do not do it, so perhaps I will have to make a move against you. Behave yourself.

The Prime Minister: Let me remind the House of what the hon. Gentleman said last week. He said that we should "boost consumer demand", cut VAT and

> "increase investment in public works".—[*Official Report*, 17 November 2008; Vol. 483, c. 33.]

He said that he was a Keynesian who believed in "further borrowing". He persuaded me, but he did not persuade those on the Conservative Front Bench.

Colin Burgon (Elmet) (Lab): Does the Prime Minister agree that we should crack down on unscrupulous moneylenders such as Mobile Money Ltd, which recently sent a letter to a student constituent of mine, offering to lend her £5,000 in cash, with no credit checks, at an interest rate of 378 per cent.? Her father was outraged; does the Prime Minister share that outrage?

The Prime Minister: The Business Secretary is holding a summit today on the credit card industry. He is looking at excessive interest rates that have been charged. We have to have proper measures to regulate the industry when people are charging exorbitant rates. We will take whatever action is necessary, and I hope that it will have all-party support.

Mr. David Cameron (Witney) (Con): May I join the Prime Minister in paying tribute to Marine Alexander Lucas, who was killed in Helmand province on Monday? Our thoughts should be with his family and his fiancée at this time. We should also pay tribute to the incredibly brave marine, reported in today's papers, who rugby-tackled a suicide bomber and saved literally dozens of his colleagues from death. The bravery of our armed forces is something that we can all be incredibly proud of.

If the Government do not have a secret plan to increase VAT, can the Prime Minister tell me why the Financial Secretary to the Treasury put his signature to it?

The Prime Minister: We looked at every option over the last few weeks, including options that were taken up by the last Conservative Government, and we rejected the proposal to raise VAT, in favour of a proposal to lower VAT. Let me tell the House why. We looked at the 1980-83 recession, and we found that when the Conservatives raised VAT from 8 to 15 per cent., hard-working families were hurt. We looked at the 1990s and found that when the Conservatives raised VAT from 15 to 17.5 per cent., hard-pressed families were hurt. When the Leader of the Opposition was an adviser to the Treasury, it tried to raise VAT on fuel to 17.5 per cent. We looked at all options, as the Chancellor said. We rejected the option of raising VAT; we decided we would lower it, and I hope that the Conservative party will support us.

Mr. Cameron: The Prime Minister cannot claim that this is some madcap idea that he immediately rejected. I have got the document right here. It is called the Value Added Tax—

Chris Ruane (Vale of Clwyd) (Lab): Give it back!

Mr. Cameron: "Give it back!" the hon. Gentleman says—he can get the document on the internet. *[Laughter.]* There go the dinosaurs. It is called the Value Added Tax (Change of Rate) Order 2008 and it says this:

> "Ministerial Sign-off…I have read the Impact Assessment and I am satisfied that…it represents a fair and reasonable view of the expected costs, benefits and impact of the policy…Signed by the responsible Minister: Stephen Timms…24 November".

It is absolutely clear that the Government are planning a VAT bombshell to hit every family in the country. Let me ask the Prime Minister this—he should answer carefully; we may carry out some freedom of information requests. Was there a plan to raise VAT even further than 18.5 per cent.?

The Prime Minister: I have said that we had considered all options, but we rejected them. I shall tell the House why we rejected those options. We rejected them because, as the Chancellor said on Monday, we chose the options that were fairest to ordinary, hard-working families. The question is; do the Conservatives now support cutting VAT from 17.5 per cent., or are they simply the do nothing party that would not help people in times of real need?

Mr. Cameron: So there we have it from the Prime Minister: this plan for even higher VAT was considered. The Prime Minister asks what we would do. I will tell him. We would freeze the council tax by cutting wasteful spending. We would cut small businesses' VAT bills by £10 billion by allowing them to delay payments. We would ensure that the loans got out of the banks by giving Government insurance to those loans, to get small business working again. Instead of sitting in Downing street making up nonsense about the Opposition plans, why does he not do something useful? Everybody knows that Labour is putting up taxes because there is a black hole at the heart of the public finances. Let me turn to why the black hole is so big. Will the Prime Minister confirm that his plans will double the national debt?

The Prime Minister: The national debt, even after the difficulties that we go through, will be lower as a percentage of national income than in France, Germany, Italy and Japan, and almost certainly in America. The message that the Leader of the Opposition is trying to communicate is that we can do something without spending any money. The truth is that his policy ends up doing absolutely nothing to give real help to families and businesses now. If he has a proposal, it means that he would have to spend to meet it. The fact is that the Conservatives would do nothing in the end and leave the families of Britain without real help and support. We are not going to take the do nothing road of the '80s and the '90s; we are going to give real help to families and businesses now.

Mr. Cameron: There is absolutely nothing stimulating about what the Prime Minister is proposing. What he is proposing is to borrow a huge amount of money, to cut prices marginally when they are already falling and to hit every family with a tax bombshell in two years' time. What is so stimulating about that? I do not know where the Prime Minister goes shopping, but the shops are discounting by 20 or 30 per cent. already. Let me return to the national debt and read the Prime Minister the figures. Page 198 of the pre-Budget report says that last year the national debt was £527 billion. In five years' time, it will be £1.1 trillion. It is a simple question, but let me repeat it: does he admit that his plans will double the national debt?

The Prime Minister: We published the figures and they make it absolutely clear that national debt in Britain will rise to 58 per cent. It happens to be 58 per cent. at the moment in France and Germany and it will rise there. It is more than 100 per cent. in Japan and 90 per cent. in Italy, and is going to rise to 70 per cent. or more in America. When we are faced with unique and unprecedented circumstances, the question is: do we take the action that is necessary? We will give real help to families and businesses now.

The Conservative answer is to let the recession take its course. I have talked to leaders in every part of the world and nobody is saying to me what the Conservative health spokesman—the hon. Member for South Cambridgeshire (Mr. Lansley), the one person who has been guaranteed a job in the Cabinet, if there ever was one headed by the Leader of Opposition—has said. He said that

"recession can be good for us."

I have met nobody in the rest of the world who says that recession can be good for us. He should apologise for those statements.

Mr. Cameron: The difference between my hon. Friend and the Prime Minister is that my hon. Friend has apologised, but the Prime Minister has never apologised—for saying he would end boom and bust, for example. The Prime Minister just quoted a very interesting figure. He said that the ratio of debt to gross domestic product is going to reach 58 per cent. Will he confirm that that is exactly the same percentage that was reached when Denis Healey went to the International Monetary Fund because the country was bust?

The Prime Minister: The right hon. Gentleman does not seem to understand that, around the world—*[Interruption.]* I am sorry that I have to give him an economic lecture every week, but he does not understand that this is a problem all around the world: in France and Germany, the percentage for GDP:debt ratio is in the late 50s, in Japan it is 95 per cent., in Italy it is 100 per cent., and America's is rising very fast. This is what has to be done in a period of downturn. The fact that the right hon. Gentleman even asks this question now suggests that he wants to do absolutely nothing. I have talked to every major country in the last few weeks and no leader is telling me that the recession should take its course. Only the Conservative party is saying that.

Mr. Cameron: The fact is that this Prime Minister has given us the debt levels of Italy and the accounting practices of Enron. He talks about wandering around the world, but I bet he cannot find a single major country that is planning to raise taxes year after year after year because he has made such a mess of the public finances. Is not the truth about the PBR that it is not a response to the economic crisis but the consequence of a decade of his economic mismanagement? It is not about helping the country's economic situation, but about trying to help his political situation; it is not about being straight with people, but about concealing a tax bombshell that will hit every family in the country. Is not the real lesson from the PBR this: the country is going bankrupt, the Prime Minister has been found out and new Labour is dead?

The Prime Minister: The real lesson of this PBR is that we are giving real help to families and businesses now. The Conservatives would refuse to give real help to families and businesses. We are cutting VAT; we are increasing the cash flow to small businesses; and we are raising the pension and child benefit from January. We are doing everything that the Conservative party opposed and everything that they would have done if they were in charge in a recession. They offer no help to hard-pressed families; they have abandoned compassion in Conservatism; they are no longer a credible Opposition; and the right hon. Gentleman is the do nothing leader of a do nothing party.

John McFall (West Dunbartonshire) (Lab/Co-op): At the Treasury Select Committee hearing yesterday, the Governor of the Bank of England made it crystal clear that the single most pressing economic issue today is for banks to resume lending to the real economy. While welcoming financial stability, he and his colleagues said it would come to nothing if this lending did not resume. Given the competitive environment in which banks operate, not one of them is willing individually to strike out on its own. May I impress on the Prime Minister the need to get them into a room and ensure that they collectively and simultaneously resume lending, as they were given £37 billion for that precise purpose, and their social obligation is an economic imperative for the country?

The Prime Minister: I am grateful to my right hon. Friend, who will have noticed that the Royal Bank of Scotland issued a statement on Sunday saying that it was going to refuse to raise the rates for overdrafts. That is something that must happen right across the banking system. We are talking to the banks now and hope that we can make progress with them. The flow of cash to small businesses in particular will be helped by the expansion of the small firms loan guarantee scheme in the Budget, the £1 billion for export credits and the deferment of payments of tax and national insurance that we have agreed that HMRC is prepared to offer. I also agree with the Governor of the Bank of England that the action we took to balance monetary policy with fiscal action in the economy was the right thing to do. Only the Conservative party stands out against it.

Mr. Nick Clegg (Sheffield, Hallam) (LD): May I add my own expressions of sympathy and condolence to the family and friends of Marine Alexander Lucas, who tragically lost his life in Afghanistan?

As a Sheffield Member, I am sure that I speak on behalf of the whole House and everyone in Sheffield when I say how horrified we all were to hear of the terrible abuse suffered by two daughters at the hands of their own father. We hope that the victims will now have the time, the space and the privacy to rebuild their lives.

In his pre-Budget report the Chancellor mentioned fairness eight times, but, as always with this Government, it pays to read the small print. The Chancellor's VAT cut will benefit big spenders much more than it will benefit hard-pressed families. His national insurance hike will hit millions of low earners. That is not fairness; it is a betrayal. The Chancellor had the chance to make our tax system fairer. Why did he blow it?

The Prime Minister: I join the right hon. Gentleman in saying that the whole House, and indeed the whole country, will be outraged by the unspeakable events that have been reported as having happened in Sheffield and other parts of the country, and utterly appalled by the news of the systematic abuse of two sisters by their father over such a long period. A serious case review is under way. It must involve all the authorities: social services, police and health. They have been in contact with the sisters, who are rightly protected from the media for the sake of their privacy and confidentiality. People will rightly want to know how such abuse could go on for so long without the authorities and the wider public services discovering it and taking action. If there is a change to be made in the system and if the system has failed, we will change the system as a result of the inquiries.

As for fairness, we have raised the pension by £4.55, and we have raised it from January. We have raised child benefit to £20, and we have raised it from January. We have raised child credit and pension credit, and we are continuing to raise them to take pensioners and children out of poverty. The best that we can do is continue the policies that have taken children and pensioners out of poverty, and not follow the right hon. Gentleman's policy of cutting £20 billion out of the public services.

Mr. Clegg: I am grateful to the Prime Minister for what he said about the importance of the independent review asking all the questions that must be asked.

On the issue of fairness, once again we have been given a list rather than an answer, and misleading bluster rather than a real response. The Prime Minister could give permanent big, fair tax cuts to millions of ordinary British taxpayers, if only he would close huge loopholes such as the £8 billion pension tax bonus for top earners, or the way in which millionaires can still receive their capital gains while paying much lower tax rates than their cleaners pay on their wages. He could have done that. Instead, he has toyed with the hopes of the British people. Why has he let them down?

The Prime Minister: The right hon. Gentleman seems to forget that we are giving real help to families, and that we are giving that real help now. He may think that the pension is only £30, but I can tell him that we are raising the pension by a higher rate than in many years, that we are bringing that forward to January through a £60 payment, and that we are also helping children and families through this difficult time. The cut in VAT will benefit low-income families, and the right hon. Gentleman should understand that that is the case.

As for the loopholes in allowances, every year we take action on loopholes, and every year we take action when it comes to looking at where there are abuses of the system. The right hon. Gentleman should look at the proposals that have been put forward by the Chancellor, which will be debated in a few minutes. We are the party of fairness. A party proposing £20 billion of cuts is not a party of fairness.

Dr. Nick Palmer (Broxtowe) (Lab): Does the Prime Minister agree that it is high time the utility companies passed on the reduction in gas prices to people at home who are looking forward to the coming winter?

The Prime Minister: Ofgem will publish a report on that very soon. It is imperative that when oil prices come down, companies are as quick to put prices down as they were to put prices up.

Q2. [239196] **Mr. Richard Benyon** (Newbury) (Con): Last week, the Children's Secretary said that we could not read the serious case review on the death of baby P because of a ruling by the Information Commissioner. That came as a surprise to the Information Commissioner, who then issued a statement saying that the Children's Secretary had not been in touch with his office on the matter. Will the Prime Minister now approach the Information Commissioner, so that we can all read the truth that his Minister has sought to suppress?

The Prime Minister: The Children's Secretary has just informed me that the report is confidential but he has allowed the Opposition spokesman to read it.

Q3. [239197] **Mr. Ian Davidson** (Glasgow, South-West) (Lab/Co-op): Does the Prime Minister agree that the spoiled rich kids just do not get it? Does he agree that it is easy for those who have been born with a silver spoon in their mouth not to want to do anything, but that real people want some action taken, and will he tell us what he is doing internationally with other countries to get us out of this crisis?

The Prime Minister: My hon. Friend is absolutely right: the key is action nationally and internationally, and I can tell the House today that we have agreed with our international partners—and particularly Japan, which currently has the presidency of the G8, and Premier Aso—that the next meeting of the G20 will be held in London on 2 April. It will deal with the major questions of the economic actions that are necessary. I have talked to the incoming US Administration, and President-elect Obama expects to come to Britain at that time.

Mr. Brooks Newmark (Braintree) (Con): Only three countries in the developed world have a bigger budget deficit than the UK. Can the Prime Minister name even one of them?

The Prime Minister: America.

Q4. [239198] **Siobhain McDonagh** (Mitcham and Morden) (Lab): This evening, councillors in the London borough of Merton will be considering Labour proposals to cut the council tax by £100, to help local families and stimulate the local economy. Would my right hon. Friend advise councillors to vote in favour of Labour's low-tax proposals?

The Prime Minister: The important thing at the moment is that Labour councillors and the Government want to give real help to families and businesses now. The Conservatives have left people in a position where they have no prospect of help now. I believe they will live to regret that, because people need real help at Christmas and beyond, and we are going to give that.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the Prime Minister reassure the House that all the millions of people who are suffering financial hardship because of his mismanagement of the economy—*[Interruption.]*

Mr. Speaker: Order. The hon. Gentleman is asking a question; he should not be shouted down.

Mr. Soames: There are millions of people who are suffering financial hardship because of the Prime Minister's mismanagement of the economy. Will he assure the House that, in the inevitable cuts to the Budget that are to follow his profligacy, he will leave the defence budget alone so that British troops may continue to fight as they are?

The Prime Minister: Public spending will continue to grow, and we are not going to get in the position of the last Conservative Government, who cut defence spending by 20 per cent.

Q5. [239199] **Mr. Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): May I congratulate the Government on supporting the United Nations' decision to add 3,000 troops to those serving in the Congo, where many people are dying? In view of the need for quality troops on the ground in weeks rather than months, is my right hon. Friend the Prime Minister in a position to tell the House what the deployment time frame will be, and what future contingency plans are in the minds of the UN in the meantime? Will he accept that whatever other international—

Mr. Speaker: Order. Only one supplementary should be asked; there are about four in that question.

The Prime Minister: I have written to all potential contributors to a UN mission to the Democratic Republic of the Congo asking them to contribute the extra troops. We have been prepared to put up extra money for that to happen, but I think my right hon. Friend, who takes a great interest in these matters, will agree that the solution will eventually be a political solution, not a military one. That is why we have supported the UN envoy ex-President Obasanjo, and that is why Lord Malloch-Brown is in the DRC today, and in the region, to urge all parties to respect the ceasefire. I will reinforce that message by talking to President Kagame very soon.

Q6. [239200] **Mr. Phil Willis** (Harrogate and Knaresborough) (LD): Next Friday, I shall visit my local hospital to thank some 800 volunteers who give their services free to the people of Harrogate. They, like the army of people around the country who volunteer their services, see their costs increasing, but next year the whole charitable sector will have its income drastically reduced. This week's statement contained almost no additional support for charities. How can the Prime Minister accept giving irresponsible bankers billions of pounds while the charities are on the streets with begging bowls?

The Prime Minister: In the last Budget, we announced additional support for charities, because we knew the difficulties that they were going to face. That additional support was given in April last year, and we will look again at this in time for the Budget.

Q7. [239201] **Joan Ryan** (Enfield, North) (Lab): May I welcome this Government's investment in public transport? Does my right hon. Friend agree that in return for that investment, the public have every right to expect the highest levels of customer service, and that this is a matter of value for money for the British taxpayer? Does he further agree that train companies, such as First Capital Connect, that are planning to cut customer service levels at stations such as Enfield Chase should think again?

The Prime Minister: I am pleased to join my right hon. Friend in saying that public investment is essential. What happens at Enfield Chase station is a matter that I shall examine with her, but she is aware that the provision of ticketing facilities is governed by the rail industry processes. We continue to increase transport investment through the downtown. We will not make the mistakes that were made in the past.

Q8. [239202] **Mr. Simon Burns** (West Chelmsford) (Con): The Prime Minister often claims that the source of the current economic crisis emanated from the United States. If he believes that, why does he continue to use Alan Greenspan as an adviser?

The Prime Minister: Dr. Greenspan spoke to the committee in the Senate only a few weeks ago, and said that two mistakes that had been made had to be sorted out. The first was that the executives of companies had not taken the public interest into consideration in the way that they should have done—we are taking action on that, although not with the support of the Conservative party, as I understand it. The second was that people were passing on risk without responsibility. These are two proposals for changes that he has made and that we are trying to introduce into the international financial system. That is why we have taken note of what he said in recommending these things.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): May I welcome the credit card summit that my right hon. Friend mentioned? Will he ask the Secretary of State for Business, Enterprise and Regulatory Reform to examine the issue of credit card cheques, which are one of the most pernicious ways of trapping vulnerable people in debt? In previous years, they have been marketed particularly heavily at Christmas, and we do not want that to happen this year.

The Prime Minister: As we know, a number of problems have arisen with organisations that pursue Christmas schemes for savings and for credit cards. I will look at exactly what my hon. Friend says. If he can provide me with the information about the companies involved, the Business Secretary will examine it.

Q9. [239203] **Mr. Douglas Carswell** (Harwich) (Con): The Prime Minister did not give us a straight answer before. Will national debt double, to more than £1 trillion, under his premiership?

The Prime Minister: As I said before, the figures are set out in the Budget document. I also said that the reason why Conservatives are asking this question is that they do not want us to invest now to prevent hardship for families and businesses—they want us either to cut spending or not to be in a position to help families and businesses. They are simply confirming that they are the do nothing party with a do nothing leader and a do nothing policy.

Mr. David Anderson (Blaydon) (Lab): Does my right hon. Friend agree that we should welcome the statement made by the shadow Health Secretary, because he has exposed the real position of the Tories? They do not understand recessions and they do not accept what happens, and we should refuse to listen to them because they are the do nothing party.

The Prime Minister: I think that the House should know that the shadow Health Secretary, who, I repeat, is the only person being guaranteed a place by the Leader of the Opposition, said:

> "Interestingly, on many counts, recession can be good for us."

Mr. Speaker: Order. I am going to move on from this one.

Q10. [239204] **Mr. David Jones** (Clwyd, West) (Con): Why has the pound lost a quarter of its value against the dollar since July?

The Prime Minister: As everybody knows, we do not give a running commentary on the currency, and never have. I repeat the words of Lady Thatcher—to talk the currency down, as the Conservatives are doing, is un-British.

Q11. [239205] **Christine Russell** (City of Chester) (Lab): What steps does my right hon. Friend intend to take to keep construction workers at work building affordable homes to buy and rent in parts of the country where there is a great scarcity of social housing?

The Prime Minister: My hon. Friend is absolutely right. We have advanced public investment in construction and in other areas, particularly in social housing. Again, that is possible only because we are prepared to spend additional money now. This is the real dividing line in politics; we will give real help to families and businesses now; the Conservatives would do absolutely nothing to help people.

Local Government Finance Settlement

12.30 pm

The Minister for Local Government (John Healey): With permission, Mr. Speaker, I should like to make a statement on finance for English local authorities in 2009-10. Last year, I announced the first ever three-year settlement, giving greater certainty, flexibility and equity in funding for local government. Today, I am confirming the second year, 2009-10, of this settlement for formal consultation, and the indicative allocations for 2010-11. My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing is doing the same for police authorities today. In both years, the formula, or core, grant figures are the same as we set out in this House in January. Alongside this, I am publishing second and third-year figures for 70 grants from nine departments, 43 of which will be paid each month through the new area-based grant, with no strings attached.

Let me be clear—in line with the Government's policy on three-year settlements, it is not intended that the 2010-11 formula grant proposals will be changed from those published today. Formula grant, which includes revenue support grant, redistributed business rates and police grant, will total £28.3 billion in 2009-10 and £29 billion in 2010-11—increases of 2.8 per cent. and 2.6 per cent. respectively. We will also continue with the same grant floors, so every authority will receive a formula grant increase in every year of this three-year settlement. In total, Government revenue funding for local authority services will be £73.1 billion next year and £76.4 billion the year after—overall grant increases of 4.2 per cent. and 4.4 per cent., in line with the figures that we published last year.

This means that with a Labour Government, councils have had above inflation increases every year since 1997, and now have an extra £8.9 billion through this current three-year settlement. In spite of significant pressures on public finances, this confirms the Government's continuing commitment to local government and continuing investment in the local services that people need. Indeed, in the face of an expected recession, this commitment is even more important. I know that there are pressures on local government—costs, demand for services and revenue streams are all affected by the economic downturn, just as they are for national Government. Our three-year commitment on the core grant and three-year figures for specific grants help councils to take tough longer-term decisions on their budgets. Our mainstreaming of an extra £5.7 billion of grants and the removal of ring-fencing help councils to manage their finances, and our delivery of a single set of 189 performance indicators, together with the local area agreements, help councils to set their priorities for their area.

Included in the grant figures are allocations for the nine new unitary authorities that start in April 2009. I have laid before the House, today, regulations to ensure that the new councils will have the powers that they need to set their budgets and council tax for 2009-10. Also today, I am launching a consultation on alternative notional amounts, which will enable like-for-like comparisons to be made on the budget requirements for the new unitary councils if the Government decide to use our capping powers.

Last year, I explained to the House that we expect of local government the same 3 per cent. annual efficiency improvements that we expect of the rest of the public sector. Delivering that will mean the equivalent of £89 in council tax for the average band D home this year, and that councils will have an extra £4.9 billion, over three years, to spend on improving services or controlling council tax pressures. The public have a right to expect better value for money from local and national Government. At this time, people expect councils to tighten their belts like everyone else, so I am today publishing figures on the new efficiency savings that councils expect to make in 2008-09. At just more than £1 billion, it is similar to what councils have achieved in the past, but that is not good enough now. Councils need to find more than £1.5 billion in new savings every year.

The efficiency figures that I am publishing also show how each council measures up to its efficiency challenge. To ensure that local residents have easy information about their council's efficiency performance, and to encourage them to challenge their council to do better, I have decided, following consultation, that councils will be required to set out standard efficiency figures on council tax bills from next year.

The introduction of the three-year settlement, the reduction in ring-fencing, the new local area agreements and the new local performance framework offer substantial opportunities for better working and efficiencies across local services to manage pressures on council tax bills, including in the areas being examined by the five work streams in the operational efficiency programme that was set out in the pre-Budget report earlier this week. For the future, we will build on that to see, ahead of the next spending review, how local authorities and their partners can prepare for the tough challenges that they, like all the public sector, will face from 2011-12.

On Icelandic banks, authorities are uncertain how much they will recover as they prepare their budgets so soon after the failure of those banks. I therefore propose, exceptionally, to make a regulation so that they need not make provision, in their 2009-10 accounts or budgets, for any possible loss on those investments. That will give them time to adjust their medium-term financial plans and time to be clearer about the recovery of their money before they take decisions that will affect their budgets or council tax. We are writing to all authorities today, and I will issue a draft regulation for consultation shortly.

On council tax, I made it clear to the House last year that the Government expected the average council tax increase in 2008-09 to be substantially below 5 per cent. The average actual increase was 3.9 per cent., which was the lowest increase for 14 years and the second lowest increase ever. We also kept our promise to deal with excessive increases by taking capping action against eight authorities. In continuing this, we are today designating the police authorities of Cheshire, Leicestershire and Warwickshire, and proposing maximum budget requirements that will limit their council tax increases to about 3 per cent. next year. For 2009-10, the Government again expect the average council tax increase in England to be substantially below 5 per cent., and we will not hesitate to use our capping powers, as necessary, to protect council tax payers from excessive increases.

In conclusion, I confirm the second year of the three-year finance settlement. I recognise that it is tight, but it is fair and affordable, and it continues our increasing

[John Healey]

investment in council services. To help, during these tough economic times, our settlement maintains the certainty, flexibility and equity that local government says it wants from central Government. We know that councils are capable of innovating, of managing change and of improving efficiency. The challenge on all those fronts is set to become still greater, and councils must demonstrate that they are equal to that task. I commend this statement to the House.

Robert Neill (Bromley and Chislehurst) (Con): I thank the Minister for the statement, and for his customary courtesy in giving me an advance copy. That said, the reality is that bad news, however courteously delivered, remains bad news, and this is a thoroughly bad settlement for council tax payers in this country.

Would the Minister care to confirm that he has introduced his own council tax bombshell for taxpayers in the United Kingdom? By taking together the figures in his statement with the small print in the pre-Budget report, we can see that council tax receipts are predicted to rise by £1.1 billion next year, an increase of about 4.5 per cent. Will he confirm that that would mean an increase of about £62 a year in the council tax bills of hard-working families, and that it would take the average band D bill to more than £120 a month from April, destroying much of the so-called spending power allegedly put back by the pre-Budget report? Will he also confirm that that means that, by 2010, council tax will have risen by 109 per cent. under Labour? That is the legacy of the right hon. Member for Kirkcaldy and Cowdenbeath (Mr. Brown) as Chancellor and Prime Minister.

Page 203 of the pre-Budget report states that there will be council tax increases in the subsequent years of 6 per cent. and 4.7 per cent., representing a further 10.7 per cent. increase over two years, yet the same pre-Budget report postulates that retail prices index inflation will fall into the negative, resulting in a deflationary figure of 2.25 per cent. That is an enormous whammy for council tax payers in real terms.

The Minister also referred to the Icelandic banks. Have the Government made any assessment of the likely loss of investment income to local authorities as a result of the Icelandic difficulties? So far, none has been forthcoming. I note that he intends to assist local authorities with deferment measures, but will there be any other support for them?

The action team that we were promised has turned out to involve two men, without a dog, being sent in to each local authority. What further assistance is to be given to aid the recovery of debt? Perhaps the Minister and I are in agreement that to say—as one Liberal Democrat MEP has done—that Iceland should sue Britain is not helpful. I shall try to be more constructive, and ask what assistance will be given to those authorities, bearing in mind that they have to consult on their draft budgets in December and January and therefore have an urgent need for a degree of certainty.

Will the Minister also consider the position on business rates? I hear what he has said about ports, but, thanks to decisions made when the Prime Minister was Chancellor, the ports industry now faces a set of back-dated tax bills amounting to some £33 million, at a time when the industry is tipping into recession. Nothing that has been done, either on Monday or today, will do anything to address the requirement for those businesses to account for the whole of their liability in this year's accounts. Any degree of deferment will not assist them; it will tip them into insolvency. In some cases, their liability is more than their turnover. Can we please have some serious action on this, rather than what one port operator has described as the Government washing their hands of a sector that employs nearly 100,000 people?

May I also ask the Minister to consider whether the U-turn on the Prime Minister's policy on empty business rates—introduced when he was Chancellor—will be met with any compensating funding for local authorities, or are they to bear the shortfall? That policy should never have been introduced in the first place, but what is the likely cost to local authorities of that change?

On the long-term future, will the Minister confirm that the Government continue to apply an unrealistic inflation rate to local authority settlements? Has he spoken to any highway authorities about the renewal of highway maintenance contracts which, with fuel and other costs, often carry double-digit increases? What is to be done about the cost to local authorities of the increase in national insurance employers' contributions? Is that to be borne by the council tax payer or by cuts in services, bearing in mind that figures extrapolated from the pre-Budget report would suggest that the total cost to local authorities could be £305 million?

All in all, is it not time that the Minister conceded that his life in a former post at the Treasury has at least meant that he is consistent? Just as the Treasury clobbered taxpayers with its tax bombshell on Monday, he has clobbered council tax payers with a council tax bombshell today.

John Healey: I have indeed been consistent. I have been part of a Government who, in each and every year since we came to power in 1997, have given above-inflation increases to local government. This is not a bad settlement: there is again an increase this year as part of a three-year settlement totalling £8.9 billion that is available for councils to improve services and control council tax costs, as they have done in previous years under this Labour Government.

The hon. Gentleman quotes figures for council tax increases. Let me be clear: that is not what the pre-Budget report says and he is wrong. Like every previous year, the Treasury publishes forecasts for the purposes of financial accounting. The council tax is determined by local authorities, not by the Government and—like previous years—in each of the last three years, the figure published in the pre-Budget report or the Budget for accounting purposes has been a good deal higher than the actual average council tax increase. I expect that to be the case again for next year, and I repeat that we will not hesitate to use our capping powers to protect council tax payers if they are affected by excessive increases.

The hon. Gentleman asked me to provide an assessment of the losses related to Icelandic banks, but we do not have the information, either from the banks or the administrators, to be able to do that. Nor do local authorities, which is why I propose to make the regulation as I informed the House a moment ago. In terms of other help, we have sent in financial experts to work with more than a dozen of the councils that thought that they might face severe short-term difficulties. We have been able to establish with them that they do not, and that there is no threat to staff salaries or to services. We have said that if they want further continuing expert help, we will fund that, and a couple of the authorities are taking up that offer. We have also said that if the case warrants it, we will consider capitalisation requests. We have made that clear to one authority particularly, and we expect to hear from it shortly.

The hon. Gentleman invites me to consider his remarks and the position of businesses in ports. I have to tell him that over the last three weeks I have considered very little else, not least because several of my right hon. and hon. Friends have also forcefully advocated those concerns. I fully understand those concerns and I am determined that the Government should respond to them. They are basically twofold. The businesses do not like the backdated liability for tax—to the beginning of this valuation period—but it is tax that they are legally due to pay. They said—and this was their first problem—that it would hit their cash flow. I will provide detail for the regulation shortly, but what was announced in the PBR will allow them to spread over eight years the payments of the back-tax that is due.

The second thing that they wanted was more rapid action and response. They felt, reasonably, that they had not got that from the Valuation Office Agency, but the special fast-track system now in place will deal with businesses that want to challenge or appeal against their valuation. However, I remind the hon. Member for Bromley and Chislehurst (Robert Neill) that these are businesses like any other: they have an established tax liability that cannot be removed other than by primary legislation that I am not prepared to propose to the House. Indeed, some of them should have been paying the tax for many years before 2005.

Finally, the hon. Gentleman talks about a council tax bombshell, but the real council tax bombshell would hit people in this country if we got a Conservative Government. They would go back to what they did before—cutting and not increasing support for local government, and putting more pressure on councils, council services and council tax.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): To return to the matter of local authority deposits in Icelandic banks, will the Minister confirm that none of the authorities with which his Department has been in contact is experiencing short-term problems with cash flows that will affect services? Will he also confirm that the Government are continuing to work with local authorities to ensure that they have the best possible chance of recovering their deposits from the Icelandic banks?

May I also commend the way that the Department has worked with local authorities and the Local Government Association? It has responded to individual councils and recognised their autonomy in the proper partnership way that central Government should work with local government.

John Healey: I thank my hon. Friend for her questions. We have been working closely with individual councils that told us and the LGA that they might face severe short-term difficulties. We have been able to establish, to their satisfaction and our own, that none of them does, but continuing help that we will fund is nevertheless available to any council that needs it. The Government have also been working hard internationally to try and help all depositors, including local councils, to get their money back from the Icelandic banks.

The IMF recently agreed a loan to Iceland of £2.1 billion, and one of the conditions is that the Icelandic Government will treat all depositors fairly when the two banks based in Iceland are wound up. That will include deposits from local authorities that may be at risk. We will continue to work with the administrators, where necessary, and with the LGA, because we are determined to ensure that no councils that may be feeling the pressure of having deposits tied up in failed Icelandic banks will be left on their own without the support that they need.

Julia Goldsworthy (Falmouth and Camborne) (LD): May I thank the Minister for advance sight of the statement? Much of it is as we expected, not least because this is year two of the three-year settlement announced last year, but council tax payers may be in for a nasty shock.

A year ago, the Minister hailed the settlement as delivering real-terms increases, but councils knew that it was very tight. Inflation, which stands at more than 4 per cent., has made things even tighter. Will the Minister come clean about the fact that any real-terms increases have disappeared and that many councils will be facing real-terms funding cuts as a result of this year's settlement? Is it not correct that that will mean either council tax increases or cuts in services for local council tax payers?

The hon. Member for Bromley and Chislehurst (Robert Neill) highlighted the fact that the PBR figures are based on an assumption of council tax increases of 4.5 per cent. Since council tax is paid from household income net of income tax, such an increase will hit people hard in their pockets—although the hon. Gentleman did not say what the Conservatives would do as an alternative. Does not that go against everything that the Chancellor claimed that he was trying to achieve in his PBR on Monday?

If the Government were serious about delivering tax changes that would make a real difference to disposable income, we should have expected some significant changes to how local government is funded, as well as a fundamental rebalancing of the income tax system. Instead, value added tax is to be tweaked now, and there have been promises of tax increases in the future. That is combined with a local government finance settlement based on assumptions that are a world away from the tumult that we have seen since the Minister's statement last year.

The great uncertainty already faced by many councils will have been added to by their exposure to the collapse of Icelandic banks. I welcome the announcement that the Minister made on that issue—in the nick of time, as councils begin the process of finalising their budgets. However, will he clarify whether this is a one-year reprieve, or will he be giving councils the power to capitalise, so that they can spread any losses over a number of years rather than having to deal with the problem in one hit?

On population, the Minister last year announced a review of migration statistics: will he update the House on that, as there are no details in today's statement? On

[Julia Goldsworthy]

efficiency, councils will need to make savings, and they have demonstrated already that they have a better track record than the Government. However, will the Minister explain why he is expecting local councils to achieve a 50 per cent. increase in efficiency next year, when we expect the country to be in recession, while at the same time the Government are indulging in a splurge worth £15 billion and families will be queuing out of the door for housing help?

Today's statement is a tacit admission that councils will be facing cuts and further increases in council tax. If the PBR was intended to tempt shoppers into spending before Christmas, this settlement will leave council tax payers with a stonking new year hangover.

John Healey: The hon. Lady is right that councils have a good track record in making efficiency savings, especially over the past three or four years of the previous spending review period. For this current year, they are being allowed to carry over about £1 billion of those savings, and that is the right thing to do. However, as I said in my statement, we are expecting at least the same level of efficiency from local government that we expect from all parts of national Government and the public sector.

On migration statistics, the hon. Lady may know that the national statistician is leading a task force drawn from senior people in all Departments and local government. The task force is looking to improve the use of administrative data so as to render migration and population statistics more accurate. It also wants to improve projections and to find a better way to track people who enter, leave and move around our country. That will provide a better basis for making policy and funding decisions across a number of areas of Government in the future.

The hon. Lady also asked about the effect of the settlement on councils with deposits in Iceland. In practice, it means that they will not need to account for any impairment in their budgets until the year 2010-11. By that time, they should be clear—or certainly clearer—about the level of loss that they have to provide for.

Finally, the hon. Lady is right that this is a "steady as she goes" financial settlement. She said that there were no surprises but, given that this is the second year of a three-year settlement, that should be no surprise to the House. She upbraided me for not coming up with alternatives, but her only alternative to the funding pressures that all parts of the public sector, especially local government, inevitably face at this time is the removal of the council tax and the introduction of a local income tax. That would place enormous pressure on working families and local businesses at the very time in this economic downturn when they could least afford it.

Mr. Lindsay Hoyle (Chorley) (Lab): I thank my right hon. Friend for his statement, but will he assist a little more on the Icelandic issue? My local authority, Chorley borough council, invested £2 million in Iceland on 9 September. That is of course the main problem, but another problem is the ongoing revenue and interest that will be lost. Chorley is a small district authority, but what can he do to help it get that money back? Will he reassure the people of Chorley that the borough council was not acting on his or the Government's advice when it decided to invest the money?

John Healey: It is rather curious and unusual to hear my hon. Friend ask for support for Chorley council. However, he is right that it should take responsibility and be able to account for its investment decisions, including its decision to invest in Icelandic banks. We have been working with Chorley council already and, if it wishes us to offer help, we are committed to giving it. That help would include providing financial experts from within the field of local government who would help the council sort out how to manage the financial pressures in the medium term. If the council believes that it has a good case for capitalisation, he may like to tell it that I am prepared to consider that.

Mr. David Curry (Skipton and Ripon) (Con): The Minister is an intelligent and reasonable man, so will he look into a genuine problem that many councils face because of the way in which the costs of the free bus pass for elderly and disabled people have differed in their impact from the assumptions made when the grant was distributed? Some councils face costs of literally millions of pounds this financial year, and more in the next financial year, over and above the value of the grant. As they cannot recoup that money from the council tax, their only chance of recouping it will be through cutting other services, including precious things like recycling. Will he discuss with the Department for Transport, which is a lead authority on the issue, the need for an urgent redistribution of the grant in the light of actual patterns of bus use, rather than anticipated and predicted patterns?

John Healey: The right hon. Gentleman probably understands local government finance and finance pressures as well as any Member of this House, as he served with distinction in the Department responsible under the previous Administration. Of course assumptions were made at the beginning of the three-year period. There was a decision, on which we consulted, about those assumptions. There was a decision, on which we consulted, to fix on a three-year settlement, because of the advantages of certainty and stability. There was a decision, on which we consulted—a decision that local government pressed us to take—that we would pay the extra money, which is £212 million this year and £217 million next year, to support the additional concession for elderly people. We decided to pay that by special grant, whereas the rest of the extra money going to local authorities will be paid through the formula grant. We are still confident that there is, in aggregate, plenty of extra money from the Government in the system to support the costs.

The right hon. Gentleman asked me about the Department for Transport. I believe that my right hon. Friend the Secretary of State for Transport will shortly begin a consultation on possible changes to how the concessionary travel scheme is administered. One change that I think that he will be interested in, as I know his North Yorkshire county council well, is the proposition that the scheme may be better administered at county level to enable any inconsistencies apparent in the system to be more easily managed and ironed out.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome my right hon. Friend's statement, not least because of the consistency offered by the three-year approach, which is very much welcomed by local authorities. As the finance chair of a major metropolitan authority in the 1990s, I remember well the shock that we had, year on year, as the Conservative Government reduced revenue support in real terms. I also remember the consequent slashes in public services and the council tax rises. However, may I draw his attention to the announcement in the pre-Budget report on Monday of local government's role in bringing forward capital projects? That is likely to have an impact on the future revenue budgets of major local authorities. Will he reassure me that any such impact will be examined closely, and will be taken into account in any future financial assessments made for local authorities?

John Healey: I can indeed give my hon. Friend the assurance that we are looking into the significant bringing forward of capital investment that was announced. Some of that investment will be in schools, housing, and regeneration, and therefore some of it will rightly be routed through local government. We are looking at precisely how we can get the best out of that decision. We will publish details of our proposals for doing so, and of the impact on local authorities, as soon as we can, and as soon as those details are available, I will make sure that my hon. Friend gets a copy.

Sir Nicholas Winterton (Macclesfield) (Con): The Minister will know that my constituency of Macclesfield falls within one of the new unitary authorities, Cheshire East council. Can he advise me and the House on how the new authority will assess the 3 per cent. annual efficiency improvements that the Government expect from councils? Does he really believe that the level of inflation encountered by local government is the level of inflation to which he referred in his statement? Has he taken fully into account the additional responsibilities that central Government impose on local government, year by year?

John Healey: The pressures of inflation are not, of course, all one-way. The price of oil has been falling fast, and the price of energy is likely to follow shortly. The price of fuel at the pumps is also coming down. All that will play a part in helping local authorities to manage the period ahead. However, the nine new unitary councils across the country tell me that the move to unitary status gives them more scope for the sort of efficiency savings that they might look to make. They can also look to improve services in the short term. As the hon. Gentleman knows, I am keen to support those councils in that work. The leaders of all nine new unitary authorities have a tough task in making sure that the councils are ready and will be up and running from 1 April, but we will give them whatever support is needed.

Barry Gardiner (Brent, North) (Lab): I welcome my right hon. Friend's decision to require councils to set out standard efficiency figures on council tax bills; that is a welcome innovation. Will he tell me whether that would capture a situation in which a council failed to renew a contract for weed-killing in the area, as Conservative and Liberal Democrat-controlled Brent council did this year? Costs have thereby been kept down, but at real expense and inconvenience to the public, who have seen weeds growing to 18 inches through their pavements and on streets.

John Healey: As the House would expect, I prepared quite well for this statement, but I had not covered the issue of weed-killing in Brent. [HON. MEMBERS: "Shame!"] However, I can make two points to my hon. Friend. First, if his council this year achieves the 3 per cent. efficiency savings that we expect of all the public sector, it will be equivalent to more than £80 off council tax bills for his constituents and for every resident of Brent. Secondly—this may assist him, because he is a man with an eye for detail—I will send him a copy of the guidance that we issue that sets out precisely how councils should and should not account for the efficiency savings that they make. It is clear that straightforward cuts in services should not, and do not, count towards the efficiency savings that we look to them to make.

Alistair Burt (North-East Bedfordshire) (Con): I am slightly puzzled about the reference in the Minister's statement to rate-capping powers for the new unitary authorities. When councils responded to the Government's generous invitation to apply for unitary status, was it not all supposed to be done on a cost-neutral basis? Indeed, the talk in Bedfordshire—and, I am sure, in other places—is of the reduction of bills as a result of going unitary. Why would the Minister contemplate rate-capping, unless it is because the pressures on inflation and other costs will bite on council tax payers in the areas concerned, as will be illustrated in the House this afternoon, and the change will not be as cheap as they thought?

John Healey: The simple answer to the hon. Gentleman is that I want to be prepared for every situation, no matter how unlikely I believe it to be. I have every confidence in the two new unitaries in Bedfordshire. They are well led, and have some good senior officers in place, whom I have met. In both cases, I expect those concerned to be able to set up the new unitary and to improve services for local people. I also expect them to make the financial savings that were part and parcel of the proposal on the basis of which Parliament gave them the go-ahead. Everything that they tell me suggests that they will do so, but I want to be prepared for any eventuality, as this House would expect me to be. However, I do not necessarily expect the new powers to be used.

Mr. John Maples (Stratford-on-Avon) (Con): The VAT reduction of 2.5 per cent. is worth about £200 a year for somebody on £20,000 a year. A 5 per cent. increase in council tax will absorb about a third of that, so I urge the Minister to use the capping powers that he threatened to use, and to do so in a draconian way, hopefully keeping council tax increases below 3 per cent., rather than below 5 per cent. He specifically mentioned designating Warwickshire police authority, which last year raised its precept by nearly 13 per cent. It was notified at the time that it would be expected to implement a much lower increase this year. The Minister mentioned an increase of about 3 per cent. May I urge him to make it much lower than that? Given last year's 13 per cent. increase, getting back to an average of 3 or 4 per cent. would require much lower increases in the next two or three years. I hope that he will make it clear to the authority that he expects something like a 0 per cent. increase this year.

John Healey: I take those as representations from the hon. Gentleman, and I confirm that the three police authorities that I mentioned will have 21 days in which to decide whether they wish to challenge the Government's decision. If they decide to do so, any representations will be considered very carefully. I made the announcement today because we propose to follow the action we set out not just last year but this year to deal with what he rightly says was an excessive rise last year in the police authority precept. However, we are concerned that we should ensure that the police authority can manage, so I see no reason to move away from the intention of the announcement that I made last year on how we proposed to use our capping powers in relation to his police authority in Warwickshire.

Mr. Mike Hancock (Portsmouth, South) (LD): When will the Minister publish his evidence to support the requirement for local government to save a further 50 per cent. in efficiency savings? He must have had some pretty good evidence that that could be delivered. I should also be interested to know what he means by "substantially below 5 per cent." Does he have a figure for the rise in the capping level? May I echo the sentiments of the right hon. Member for Skipton and Ripon (Mr. Curry), who raised the issue of concessionary bus fares, because undoubtedly some local authorities will make cuts in services to meet the obligation on concessionary fares that the Government placed on them? That is not right, and the last thing that we want is consultation. What local government needs is a remedy and an answer to the Government's promise fully to fund that policy.

John Healey: The Government have fully funded the extra entitlement for nearly 11 million older people to ride anywhere they choose free on local buses. That has been a liberation for many people, and I am disappointed that the hon. Gentleman should adopt that fairly negative tone in the House. *[Interruption.]* He heard what I said about the proposals for the Department for Transport to look at how the scheme could be administered better in future. I hope that he will encourage his council in Portsmouth to contribute, just as I hope that all hon. Members with an interest in the matter will encourage their councils.

Mr. Brian Binley (Northampton, South) (Con): The Minister said that every authority will have an increase, yet he also said that in 2009-10 the average increase will be 2.8 per cent., and that in 2010-11 it will be 2.6 per cent. He knows that the Government have acted shamelessly on the distribution underneath that national average, and that money has been shoved mainly to Labour seats in the north and in Scotland at great cost to my county of Northamptonshire. As a result, we have cut deeply into local government expenditure for four years, so will he admit that local government inflation is running at more than 4 per cent., and has done so for four years? Will he tell me the figure for those two years for Northamptonshire, so that people can know exactly what he is proposing and exactly how much the cut is?

John Healey: I can indeed; this year, Northamptonshire received a 4.4 per cent. increase in core grant. Next year, it will receive a 3.71 per cent. increase, and it will receive a total increase in Government funding of more than £25 million extra. Northamptonshire is receiving those increases—this is why some of the largest increases in the country are in counties in the south and south-west of England—because we have given priority in this three-year settlement to funding those areas with social care and waste disposal responsibilities, which were the two particular cost pressures that the Local Government Association and local government itself said were most important and most pressing.

Anne Main (St. Albans) (Con): As the Minister knows, Hertfordshire is an excellent-rated authority. Unfortunately, it is also a floor authority, and we do extremely badly under the Government's funding formula grant. Will the Minister consider bringing forward the review of that grant from 2010 to 2009 to help us out?

John Healey: I will not, but I will tell the hon. Lady that next year, her county will receive more than £39 million extra compared with this year under the settlement. She complained about the floors that we introduced. However, without floors, as my hon. Friend the Member for West Bromwich, West (Mr. Bailey) said, the experience of councils was not just that they were at the mercy of decisions made by the Tory Government to cut council funding, but that wild swings made things even more difficult to cope with. That is not the case any more: every authority in every region will receive an increase in the core grant in each year of the three-year settlement.

Peter Bottomley (Worthing, West) (Con): West Sussex and Worthing get the lowest increases—one day, I hope to be in the House to hear that that is no longer the case. May I ask the Minister why the word "plain" has been left out of the updated version of the plain English guide of 1998? Is it because it is no more complicated than it was before? Just to complicate the issue, may I move on to the un-plain guide, and ask why he used four, five or even six different log numbers when adjusting the police top-up? Is that really necessary—do the sums justify using five significant places in six different ways to top up police grants?

John Healey: I think that "plain" for local government financing is a three-year settlement; it is predictability; and it is knowing from last year what local councils and police authorities can expect in core funding. My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing has undertaken that, towards the end of the spending review period, the Government will look again, with the police authorities, at the formula for funding policing and police authorities in future. I encourage the hon. Gentleman to make a contribution when that review begins.

Mr. Graham Brady (Altrincham and Sale, West) (Con): What account has the Minister taken of the additional costs that would fall on Greater Manchester local authorities in the event of a vote for the introduction of the congestion charging scheme, which would be accompanied by £1.2 billion of borrowing by Manchester authorities now, with repayment starting immediately and continuing into the future, regardless of whether a charge introduced in five years' time pays for the cost or not?

John Healey: One of the advantages of being a champion of localism is that I can reasonably say that those sorts of decisions are rightly made by the local authorities involved. They will be made by the relevant local authorities after they have properly consulted the people of Greater Manchester about their proposals. The Government have made it clear that they will stand by to provide capital support and encouragement to achieve the substantial transport improvements required in that great city for the future.

Anne Milton (Guildford) (Con): Is the Minister aware that Waverley borough council tenants recently presented a petition to No. 10 Downing street, because 49p in every pound that they pay in rent goes to the Government? For Guildford borough council, the figure is 44p in every pound, and most of that money goes to pay the debts of more profligate councils. Is he also aware that Guildford and Waverley will receive one of the lowest increases in central Government grant? Guildford is down £300,000 on the concessionary bus travel scheme, yet we are one of the biggest contributors to the Treasury's coffers. Starved of money for infrastructure, councils are left with very little choice but to raise council tax or cut services.

John Healey: Guildford and Waverley councils both benefit from the protection of the floor system that we have introduced. Without those floors, they would receive considerably less, because we have a formula that we apply across the country that tries to balance the needs of local areas with their ability to pay. May I simply tell the hon. Lady that I would invite and welcome written representations from her local authorities on the financial settlement, but unlike last year, I do not plan to meet individual authorities. I am confirming the second year of a three-year settlement, but as is right and proper, I will meet any parliamentary colleagues who approach me for such meetings. My diary secretary may protest, but if I properly can I am anxious to reduce the number of meetings from the 42 that I had last year given that this is, as the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said, a settlement announcement that contains no surprises.

Mark Hunter (Cheadle) (LD): There is no doubt that metropolitan authorities have lost out continuously in recent years as a result of the funding formula, and some metropolitan authorities lose out more significantly than others. In my constituency, which is in the Stockport metropolitan borough council area, a high school that is only a mile away from a similar high school in Manchester receives approximately £200 a year per pupil less funding. Will the Minister say anything at all about whether the Government are determined to address the fundamental inequalities in the funding system?

John Healey: The hon. Gentleman's contribution is almost a year too late. When I announced the changes in the formula in the three-year settlement, we established a system that provides urban metropolitan authorities with the funding that they need. That point has been confirmed by the special interest group of municipal authorities, which is the representative body for his sort of authority. It has said that it welcomes the three-year settlement and the changes that I made to the formula, which make the formula fairer for such authorities.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Yesterday, Hammersmith and Fulham council announced a 3 per cent. reduction in council tax, for the third year running. The council has also reduced its debt by almost £20 million, producing annual savings on interest rate costs of £1.7 million per annum. Over the same period, the council's services have been upgraded from three stars to four stars by the Audit Commission. Will the Minister come to Hammersmith and Fulham to see how public finances should be run? Will he bring the Chancellor and the Prime Minister with him when he does so?

John Healey: I cannot speak for the Prime Minister or the Chancellor on this occasion, but I will come to Hammersmith and Fulham and visit where the hon. Gentleman wants me to go with his council. However, I will also visit the areas where others tell me about savage cuts to many services and grants that support some of the neediest people in the borough. I look forward to my visit.

Paul Rowen (Rochdale) (LD): Local authority services, such as homelessness services, are being affected by the recession. In the PBR on Monday, the Chancellor announced additional resources for the relevant Departments, such as the Department for Work and Pensions. Why has no extra provision been made for local authority services, which are also under severe pressure?

John Healey: I am not sure whether the hon. Gentleman was in the Chamber when I made my statement. I think that he was here to hear me say that I recognise the pressures on local authorities, but that those pressures are just as strong on national Government. The central feature that is helping local councils to manage long-term decisions, address the pressures on their finances at present and prepare for the other side of the downturn is stability in the core grant. The three-year settlement does not include the strings that have been attached in the past, which is what I am reconfirming for the House this afternoon.

John Howell (Henley) (Con): Will the Minister confirm how many specific grants will be wrapped up in the rate support grant or even changed into permitted borrowing? Is that what he euphemistically means by "mainstreaming"? If it is, it will have no positive effect on floor authorities such as those in my constituency and the rest of the south-east.

John Healey: What I mean by "mainstreaming" is precisely what I said earlier. Forty-three specific grants are now paid each month to authorities without any strings attached under the new area-based grant. This afternoon, I have also announced the indicative figures for next year and the year beyond, which councils can use to plan. In total, there are 70 different funding streams from nine different Departments, which, along with my announcements on the formula grant, add to councils' certainty.

Points of Order

1.24 pm

Mr. Richard Benyon (Newbury) (Con): On a point of order, Mr. Speaker. On 9 October, I tabled a written question for answer on 13 October to the Home Office asking about the absence of Home Office presenting officers defending Home Office decisions at immigration tribunals. I did not receive a reply, so on 19 November I asked a further question seeking a reply to the original question, but I have not received a reply to that. If I were a cynic, I might suggest that the Department was trying to push the matter through to prorogation, so that the question would fall; it may, of course, be just incompetence in the Home Office. I seek your advice on how one can get answers on such important issues, if questions are not answered on the named day or even a month later.

Mr. Speaker: The appropriate Ministers have heard the hon. Gentleman's remarks. My advice is that perseverance is very important, and it is possible to table the same question after state opening.

Simon Hughes (North Southwark and Bermondsey) (LD): On a point of order, Mr. Speaker. You have granted a debate on the pre-Budget report, which is welcome. Normally at the end of a Budget statement, there is a debate and then we vote on resolutions on tax changes. Obviously, we will not have that opportunity before the House is prorogued. Can I ask for your assistance in making sure that the prayer tabled by my right hon. and hon. Friends, which would allow debate and a vote on VAT changes, comes before the House, so the House can decide whether to implement those changes, which would normally take place after a Budget?

Mr. Speaker: That matter is for business questions, but we are having a debate today. The motion is

"That this House has considered the matter of the Pre-Budget Report",

and it can be voted on.

EMERGENCY DEBATE

Pre-Budget Report

1.26 pm

Mr. George Osborne (Tatton) (Con): I beg to move,

That this House has considered the matter of the Pre-Budget Report.

On behalf of many hon. Members on both sides of the House, I begin by thanking you, Mr. Speaker, for taking the exceptional step of granting this emergency debate. You have protected the interests of Members on both sides of the Chamber who want to hold the Government to account.

The public would have found it extraordinary if the House of Commons had not properly considered the huge tax measures put forward by the Chancellor on Monday, or indeed the tax measures concealed by the Chancellor on Monday. Those measures are being debated by families across the country who fear their impact, and it is astonishing that the Government did not want them debated in the House of Commons.

The only explanation is that the Prime Minister is running away from the argument, because he knows that he is losing the argument. This Budget started to unravel from the moment it was delivered. The doubling of the national debt shocked the entire country. *[Interruption.]* Labour MPs may not be shocked, but the country is shocked to realise that the Government have taken it to the edge of bankruptcy. Within minutes of the report being published, it became clear that the national insurance rises would, contrary to the Chancellor's claims, hit people on modest incomes. The small print of the Budget book shows that the Chancellor had been less than candid about the stealthy duty rises on alcohol and petrol. Then we discovered the £100 billion black hole in the tax revenues with no explanation of how it will be filled.

Albert Owen (Ynys Môn) (Lab): Will the hon. Gentleman give way?

Mr. Osborne: I will give way in a second, but it is not as though Labour Members wanted the debate in the first place. Let me explain what happened to the Budget, and then I will take the hon. Gentleman's intervention.

The next morning, the OECD undermined the borrowing projections, when it issued growth forecasts for the UK that were different from the Chancellor's and said that Britain would have the worst recession and highest percentage rise in unemployment in the G7. Yesterday lunchtime, the Institute for Fiscal Studies pointed out that the new top rate would raise, in its words, "virtually nothing". The Governor of the Bank of England told the Treasury Select Committee yesterday that the Government should be focusing on fixing the banking system. Meanwhile, retailers are up in arms about the huge costs and logistical nightmare imposed by the temporary VAT cut. Last night, the Chancellor U-turned on the proposed hike in whisky duty, which he had announced only 24 hours earlier. Finally, it has been revealed in an official Treasury document signed off by a Treasury Minister that there is a secret tax bombshell to increase VAT to 18.5 per cent.

Albert Owen: The shadow Chancellor has mentioned value added tax and fuel duty on a number of occasions. Is it still his party's policy to have the so-called fair fuel stabiliser, and what would that mean at today's prices for every motorist in this country?

Mr. Osborne: The hon. Gentleman should have paid attention on Monday, because the Chancellor—[HON. MEMBERS: "Answer!"] I am going to answer. The Chancellor introduced a version of the fuel duty stabiliser on Monday.

Angus Robertson (Moray) (SNP): Only two days ago, the UK Labour Government made a proposal that would have amounted to the biggest annual rise in taxation on the Scotch whisky industry [illegible] almost four decades. We are about to hear—perhaps—a clunking U-turn, recognising that that is a reckless and dangerous road to go down. If the Chancellor had the interests of the Scottish economy at heart, why would he have even made that proposal in the first place?

Mr. Osborne: I think that that question was mainly directed at the Chancellor, but let us just say that the U-turn on whisky duty within 24 hours proves that the Scottish interest is well represented in this Government.

Several hon. Members *rose*—

Mr. Osborne: I give to my hon. Friend the Member for Broxbourne (Mr. Walker).

Mr. Charles Walker (Broxbourne) (Con): Does my hon. Friend not agree that Labour's plans to increase VAT to 18.5 per cent.—or perhaps even 19.5 per cent.—after the next election will hit hard-working families hardest? Should the Government not be ashamed of themselves?

Mr. Osborne: My hon. Friend is absolutely right. The details are here in the Treasury document that this Government published, and let me assure my hon. Friend that the Government are going to hear about it every single day between now and the next general election.

Several hon. Members *rose*—

Mr. Osborne: If hon. Members will allow me, I shall make some progress and take some interventions later. I am aware that many Members want to speak in the debate, and that Front-Bench speeches have a time limit. Therefore, I shall proceed. *[Interruption.]* Well, I shall take some interventions later if the hon. Member for Weaver Vale (Mr. Hall) can think of some better ones.

Now, let us be clear. We know about the secret plan for VAT; it is totally—*[Interruption.]*

Mr. Speaker: Order. The hon. Gentleman is not going to give way.

Mr. Mike Hall (Weaver Vale) (Lab): He referred to me.

Mr. Speaker: Order.

Mr. Osborne: It has totally destroyed the public's trust in the Government's motives, confirming what everyone suspects—that Labour's temporary giveaways now will be dwarfed by permanent tax rises later. Normally, it takes a week or so for the Prime Minister's Budgets to come unstuck; this one has completely fallen apart in just 48 hours.

Let us start with the debt figures, because I think that the reaction of the country was a sharp—

Several hon. Members *rose*—

Mr. Osborne: I shall give way later.

Mr. John Baron (Billericay) (Con): Will my hon. Friend give way?

Mr. Osborne: Yes, I give way.

Hon. Members: Oh!

Mr. Speaker: Order. It is the hon. Gentleman's privilege to give way to who he wants to give way to. *[Interruption.]* Order.

Mr. Baron: I thank my hon. Friend for giving way, but does he agree that one of the most alarming aspects of the pre-Budget report is that the tax increases that have been mentioned so far will raise only a small fraction for the black hole that has been created in our public finances, and that many more tax increases are coming down the line?

Mr. Osborne: My hon. Friend is absolutely right. A £100 billion black hole has been created by fiddling the growth figures between the Budget earlier this year and the pre-Budget report now. We know that at least part of the Government's plan is to fill that hole with the 18.5 per cent. VAT rate.

Chris Ruane (Vale of Clwyd) (Lab) *rose*—

Hugh Bayley (City of York) (Lab) *rose*—

Mr. Osborne: I shall give way to the hon. Member for City of York (Hugh Bayley) and then proceed.

Hugh Bayley: The hon. Gentleman seems to have forgotten that the national debt doubled when John Major was in power, and that the Labour party brought it down. In the early 1990s, net borrowing was at 7.4 per cent., 7.7 per cent. and 6.2 per cent. Last year, under Labour, it was at 2.6 per cent., and the Library brief shows that net borrowing will not rise to anywhere near as high as it was under the Conservatives in the early '90s, so what is he complaining about?

Mr. Osborne: I am glad that I took that intervention, because it enables me to say that the budget deficit next year will be the highest on record—higher than when Denis Healey went to the International Monetary Fund—and the national debt, at 58 per cent., is the highest on record. Let me remind the hon. Gentleman that this Government inherited a golden economic legacy from

[Mr. George Osborne]

the previous Conservative Government; but this Government are bequeathing to their successors a complete basket case of an economy.

The debt figures are truly shocking, as the hon. Gentleman has just reminded us: the national debt is set to double to £1 trillion, and there is that record 8 per cent. deficit. We used to think of Britain as a low-tax, low-debt economy that was one of the most successful in the world, but now we must get used to seeing Britain as the rest of the world does: as a high-tax, high-debt country that cannot get a grip on its public finances.

Let us turn to table B10 on page 198. *[Interruption.]* It is probably not in the Whips' handout, but if Government Members were to read the report, they would see that for the first time in living memory the Treasury forecast does not even try to pretend that the current budget will come back into surplus in the medium term. The Chancellor's assertion on Monday that it was all okay, because, by

"2015-16, we will again be borrowing only to invest."—[*Official Report*, 24 November 2008; Vol. 483, c. 493.]

was greeted with total derision in the Chamber. He was 100 per cent. wrong about the borrowing forecasts that he made just eight months ago, and now he wants us to take him seriously when he gives us borrowing forecasts for seven years' time. That is not in the next Parliament but in the Parliament after next. They are ridiculous, fantasy figures from a Government who have completely lost the ability to manage taxpayers' money and control public expenditure.

Mr. Nicholas Soames (Mid-Sussex) (Con): Does my hon. Friend agree that when the Prime Minister was still walking out with Prudence, he was right when he said that you cannot spend your way out of recession?

Mr. Osborne: For once, the Prime Minister was right. He told the Labour party conference that in his first speech as Chancellor, and, indeed, he told the Labour party in 2000 that

"tax cuts before the election lead to…rises just after."

That is exactly what he is planning: temporary tax giveaways and lifetime rises in tax afterwards.

Several hon. Members *rose*—

Mr. Osborne: I s[illegible] make some progress and then give way to the hon. Member for Wolverhampton, South-West (Rob Marris).

Chris Ruane: What about me? Just 'cos I'm not rich!

Mr. Osborne: The hon. Gentleman more than makes up for it by being too voluble at Prime Minister's Question Time.

The growth forecasts that the Chancellor has produced are more optimistic than the Bank of England's, more optimistic than the IMF's and more optimistic than the OECD forecasts that were published yesterday. The OECD said:

"The downturn is expected to be severe in economies most vulnerable to the financial crisis or to sharp house price falls. These include Hungary, Iceland, Ireland, Luxembourg…Turkey and the UK."

That is not exactly great company for a country that used to be the envy of Europe. If the OECD's growth forecasts are right, that will automatically add £10 billion to the Government's borrowing forecast in 2010 alone.

Several hon. Members *rose*—

Mr. Osborne: I shall give way to the hon. Member for Wolverhampton, South-West.

Rob Marris (Wolverhampton, South-West) (Lab): I am grateful. As the hon. Gentleman knows, I always relish a good debate about finance matters. His party's position seems to be that the UK economy has problems, and that those problems were caused by the Prime Minister; the hon. Gentleman disagrees with Labour policies to address those problems; and after the problems are sorted out the Tories hope to be in government and to cut taxes. What would his party do differently to address those economic problems? Is he, like the rest of the country, relying on our Prime Minister, as I am, to sort out the economic problems?

Mr. Osborne: It is going to be the next Conservative Government who sort out the economic mess. Now— *[Interruption.]*

Mr. Speaker: Order. May I appeal for calm? It is not a good thing, shouting across the Chamber at the top of our voices. Do remember that there are people out in the country who have difficulties and want to hear the case that is being put before the House.

Mr. Osborne: Thank you very much, Mr. Speaker.

Let me turn to the fiscal rules, which were supposed to safeguard prudence and prevent all this from happening. Even the Chancellor struggled to keep a straight face when he told the House on Monday that he was replacing the fiscal rules with a "new temporary operating rule"—no rules, no framework, no independent oversight of the kind that our office for budget responsibility would provide. As the chief European economist of a major investment bank put it today:

"The UK has no serious medium-term fiscal framework: the fiscal rules have been abandoned, with nothing to take their place."

Yesterday, the Institute for Fiscal Studies predicted that if the Government had persevered with the golden rule, they would now be on course to miss it by a mere £296 billion. The bond markets have passed their own verdict on the Chancellor's new temporary operating rule, through the credit default swaps on British Government debt—the cost of insuring someone against the consequences of the British Government's failing to honour their debts. The cost used to be about the same as that of insuring German Government debt, but it is now almost three times as high. Indeed, the markets today take the view that holding the debt of the British Government is riskier than holding the debt of British Petroleum.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I am grateful to the hon. Gentleman. In view of what he has just said about the fiscal rules and borrowing, is he seriously telling the House and the country that the problems of America, Europe and Asia are down to the changes that have taken place in Britain over recent months? Has he completely lost his marbles, or does he really believe his own rhetoric—that changes in our economy have been responsible for the financial crisis across the world?

Mr. Osborne: I am saying that the Government did not fix the roof when the sun was shining. I am saying that we entered this recession with the worst budget deficit and the highest levels of personal debt in the developed world. I am saying that our housing boom was double that of America, and that that is why independent groups such as the International Monetary Fund say that we will have the worst recession of any developed economy. I know that the right hon. Member for Sheffield, Brightside (Mr. Blunkett) wants to get back into the Cabinet, having resigned from it twice—indeed, that is the best way to get into the Prime Minister's current Cabinet—but the truth is that I have listed what the Government of whom he was a part have done to the economy in the past 10 years.

It is not just the appalling debt figures—

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will my hon. Friend give way?

Mr. Osborne: I shall give way to my hon. Friend and then make some progress.

Mr. Heald: Does my hon. Friend agree that the great British public are thinking that the Government have maxed out the national credit card, and now—instead of doing something sensible, such as trying to pay off the debt—are taking out another enormous loan? Is it not the case that Britain is doing that, but not America?

Mr. Osborne: My hon. Friend is absolutely right. The Government have borrowed and borrowed on the national credit card—£34,000 for every single family represented by Members in this House. That is a complete disgrace.

Tom Levitt (High Peak) (Lab) *rose—*

Gordon Banks (Ochil and South Perthshire) (Lab) *rose—*

Ms Dari Taylor (Stockton, South) (Lab) *rose—*

Mr. Osborne: I am going to make some progress—*[Interruption.]* I have taken a lot of interventions; we shall see whether the Chancellor takes anything like as many.

I turn to the tax changes in the Budget. First, there are the VAT changes—let me start with the temporary VAT reduction, before coming to the permanent VAT rise. The Government do not seem to realise that the stimulating effect of a temporary reduction when prices in shops are already falling is more than outweighed by the cost of a permanent rise in taxes on the incomes of those whom they expect to go shopping. This is what the senior tax partner at Grant Thornton said after the Chancellor spoke on Monday:

> "It's the wrong time to cut VAT, as it's an inefficient use of taxpayers' money when you have a trade deficit. And it's an odd thing to do when inflation is falling and some fear we are heading for deflation."—

[*Interruption.*] Labour Members do not like what the senior tax partner at Grant Thornton says. How about this, from President Sarkozy of France? He asked yesterday why

> "Should we use up our available room for manoeuvre on reducing prices when prices are already falling?"

The German Chancellor has also ruled out a temporary reduction in VAT—*[Interruption.]* I am being asked whether we will vote against it, but the Government are not giving anyone a chance to vote on the reduction before it comes into force on Monday. It is only because we called for an emergency debate that we are even discussing it in the House of Commons.

Far from rushing to support the move, retailers have been quick to point out the administrative nightmare of re-ticketing prices, reprinting catalogues and price lists and reprogramming cash tills, which will cost them tens of millions of pounds—*[Interruption.]* They talk about prices, and that brings me to the permanent VAT rise—

Several hon. Members *rose—*

Mr. Speaker: Order. The hon. Gentleman is not giving way.

Mr. Osborne: We heard the exchanges at Prime Minister's questions; perhaps the Chancellor could answer what the Prime Minister refused to answer when he spoke from the Dispatch Box. First, why did one of his Ministers—the Financial Secretary, who is over there—sign off on the order—

The Financial Secretary to the Treasury (Mr. Stephen Timms) *indicated dissent.*

Mr. Osborne: The right hon. Gentleman shakes his head, but his name is on the document:

> "Signed by the responsible Minister:
> Stephen Timms…24th November 2008".

The document clearly states that the standard rate, having returned to 17.5 per cent. on 1 January 2010, will subsequently increase to 18.5 per cent. in 2011-12. Why did the Minister sign off that document, or does he not read what he signs? He can intervene on me now if he likes.

The second thing that I would like the Chancellor to confirm or deny is that the Government were considering further increases in VAT—specifically, a rise to a 20 per cent. rate of VAT in 2012. We will put in our freedom of information request, but I would be most grateful if the Chancellor confirmed that rise as well.

Several hon. Members *rose—*

Mr. Osborne: I give way to my hon. Friend the Member for Ludlow (Mr. Dunne).

Mr. Philip Dunne (Ludlow) (Con): On the subject of the so-called VAT reduction, is my hon. Friend aware that, far from reducing the VAT bills of small retailers and businesses with turnovers of less than £200,000—businesses that pay under the flat-rate VAT scheme—the Government are actually increasing those bills, by not reflecting the adjustment correctly to take into account the reduced VAT input tax? The margins of many thousands of businesses will be reduced as a result of this so-called tax cut.

Mr. Osborne: My hon. Friend makes an extremely powerful point.

Several hon. Members *rose*—

Mr. Osborne: I will make more progress, because many Members want to speak. Unfortunately, we have only three hours to debate this issue, although we would be happy to debate it all afternoon.

I turn to the national insurance changes. The Chancellor made the claim that only those on incomes of more than £40,000 will be worse off than they are today as a result of the national insurance increase. I am glad to say that the Institute for Fiscal Studies comprehensively demolished that claim yesterday; it said that it was not true. What is true is that anyone earning more than £19,000 will pay more tax than they do now as a result of Monday's Budget.

Anne Milton (Guildford) (Con): Will my hon. Friend give way?

Mr. Osborne: I will make a little progress, if my hon. Friend will allow me.

The Government tried to distract attention from that tax raid on the incomes and jobs of middle Britain with their top-rate tax changes. I am sure that everybody remembers what the Prime Minister said to the Treasury Committee last year when he was trying to justify the abolition of the 10p rate:

> "I believe that over time very few people will want to change this two rate…system of income tax."

It turns out that one of those very few people was the Prime Minister himself, a year later. He has actually created five rates of income tax. If we include the adverse changes to personal allowances and national insurance, there are now three new higher bands of income tax—46.5 per cent., 52.8 per cent., and a new top rate of 59.8 per cent. That is not a simplification of the tax system.

Several hon. Members *rose*—

Mr. Osborne: I shall make some progress, if hon. Members will allow me. They may want to hear this, because they are concerned about it. It remains the case that more than 500,000 of the lowest-paid people in this country have lost out as a result of the abolition of the 10p tax band, and their loss was not compensated for on Monday. That is the truth. The Government are giving £20 billion in temporary tax giveaways, and taking back £40 billion in permanent tax rises—giveaways for Christmas, tax rises for life. That is not a stimulus, it is a tax bombshell. It will make the recession worse because it will make the recovery more difficult.

What the Chancellor should have done on Monday was take radical action on monetary policy to get credit flowing again. That is what we have been arguing for weeks. Mervyn King said to the Select Committee yesterday:

> "I am in no doubt that the single most pressing challenge to domestic economic policy is to get the banking system…lending in any normal sense. That is more important than anything else at present."

The CBI says:

> "Getting the credit markets working properly is much more important than the fiscal boost."

The Chancellor told us in October that the purpose of the bank recapitalisation was to restart lending to the real economy. On that test, even he must agree that it has failed. It may have rescued the banks and the bankers, but it has not rescued the economy. The country has lost count of the number of times we have been told that the Government were summoning the banks to a crisis summit, ordering them to lend to small businesses and forcing them to pass on rate cuts. That may have secured newspaper headlines, but it has not helped businesses to get the credit they need. Now is the time for more direct action.

Several hon. Members *rose*—

Mr. Osborne: I am not giving way at the moment.

The Government should establish a new state institution that will directly underwrite lending from the banks to British businesses. They should do so for a commercial insurance fee, passed on by the banks, that would fully protect the taxpayer. Businesses want credit and credit insurance. They are prepared to pay a fair price for it, and the problem at the moment is that they cannot get any credit or insurance. That would not increase Government borrowing. Instead, it would be more like the secured guarantees for a fee that the Bank of England has already put in place for inter-bank lending, which we supported. The idea is supported by all the major business organisations. That is the kind of radical policy action that we urge the Government to undertake—not fiddling around with temporary VAT changes, but getting to the heart of the credit crunch and solving Britain's credit problems. That is what would help get the British economy back on track and stop the terrible rise in unemployment now taking place, again, under a Labour Government.

The Government did not want this debate because they did not want to face the truth. They mistook a housing bubble for stability, they went on a spending spree and called it prudence and they boasted over and over again that they had abolished boom and bust. As a result, they neither saw the boom, nor prepared for the bust. Now, their emergency Budget is unravelling, their secret tax bombshell is revealed and their scorched earth policy is leading this country's economy to ruin. They have run out of money, and the sooner that they are run out of office, the better.

1.52 pm

The Chancellor of the Exchequer (Mr. Alistair Darling): I very much welcome the opportunity to debate the pre-Budget report, and having listened to the shadow Chancellor for the last 20 minutes, I wish the debate could go on for several hours because we might find out if the Conservatives have any policies to deal with what is happening to the economy.

I understand, Mr. Speaker, that you have indicated—

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Speaker. The Chancellor has just made a very kind offer. Is there any way in which he can implement it to allow the debate to go on for longer? We would welcome that.

Mr. Speaker: This is a three-hour debate—end of story.

Mr. Darling: I was about to say, Mr. Speaker, that I normally like to give way to Members as generously as possible, as the House will know, but you have indicated that you want the Front Benchers to keep their remarks to about 20 minutes or so. I will give way, but the House will understand that I will not be able to give way to everyone.

I should like to start by making two points about VAT. First, the order to implement the VAT reduction was laid on Monday. It is, of course, open to Members to pray against it, as the Liberal Democrats have done. If they want to vote against the reduction, that is a decision for them, and it is open for others to do so as well. As they will be aware, it is perfectly possible for the House to debate the matters.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the Chancellor give way?

Simon Hughes (North Southwark and Bermondsey) (LD): Will the Chancellor give way?

Mr. Darling: No, not just now.

The second point I want to make relates to the rate of VAT. The shadow Chancellor asked me a question about—

Mr. Graham Stuart (Beverley and Holderness) (Con): On a point of order, Mr. Speaker. The Chancellor has just suggested that we have an opportunity to vote on this issue. Could the Speaker confirm that that is the case, and tell us when that will happen?

Mr. Speaker: It is a matter for debate. The hon. Gentleman should listen to the Chancellor and see what he can pick up.

Mr. Darling: I am sorry that Opposition Members seem more intent on disrupting what I have got to say than taking part in a serious debate.

Several hon. Members *rose*—

Mr. Darling: I will give way to hon. Members on both sides of the House, but first I should like to address the important matter of VAT. The shadow Chancellor asked me to address a particular question about the impact assessment that referred to a higher rate of VAT, which was lodged on the website of Her Majesty's Revenue and Customs, and which has been the subject of a lot of newspaper reports. I want to deal with that, head on.

First, as the Prime Minister said earlier at Prime Minister's questions, in the run-up to the pre-Budget report, I considered—as any Chancellor would—a large number of options about just about every aspect of tax and spending, as the House would expect. As I had to raise money in order to ensure that our borrowing is reduced in the medium term, I concluded that the best and fairest way to do it would be to increase national insurance contributions by 0.5 per cent., as I announced on Monday. I also said that while VAT would come down to 15 per cent., it would return to its 17.5 per cent. rate at the end of 2009. That is the Government's position, and that remains the Government's position.

When I saw press reports this morning that an impact assessment containing a reference to 18.5 per cent. of VAT had been put on a website and been signed by my right hon. Friend the Financial Secretary, I asked the permanent secretary at the Treasury to find out what had happened, as the House would expect. What I found was this: the Financial Secretary had not, in fact, signed that document. It transpires that someone within either the Treasury or Her Majesty's Revenue and Customs had typed the Financial Secretary's name alongside an impact assessment that he did not know about, he had not seen and he had never authorised. *[Interruption.]* The shadow Chancellor asked me for an explanation, and the House is entitled to it. That is it. In other words, the Government's policy is and remains that VAT will fall to 15 per cent. at the beginning of next week. It will then rise to 17.5 per cent. In other words, our policy is exactly as I set out in the pre-Budget report on Monday.

Mr. George Osborne: The Chancellor has explained how the document ended up on the website. What we want to know is how it was prepared in the first place. We want to know how many Budget options there was a draft order and regulatory impact assessment for. Would he also confirm that the Treasury was considering a 20 per cent. rate in 2012?

Mr. Darling: The shadow Chancellor asked me for an explanation as to why the Financial Secretary signed it, and I have given that. As I said to the hon. Gentleman, like any Chancellor, I considered a wide range of options, and I decided that the fair way to raise money would be through the national insurance system, with a rise of 0.5 per cent.

The debate today gives us an opportunity to set out, as the shadow Chancellor said on Monday, a clear choice. I believe that, faced with today's extraordinary economic circumstances, there is a choice between supporting people, business and the economy, as countries across the world are now doing, and walking away, saying that we will do absolutely nothing and letting the recession run its course. We have been there before, in the 1980s and 1990s, and we will never return to those days again. The Government and I are determined to do everything that we can to support people and businesses during these extraordinary times, which are affecting this country and every country in the world.

Sir Robert Smith: But surely creating a bureaucratic nightmare for many small businesses through the VAT reduction does not target help on the poorest in the country. At the same time, the Government are threatening to pay for that by putting a tax on jobs in the future, when we want to keep employment, in order to recover from the downturn that the Government have forced upon us. That is surely not the way to tackle the poorest in our society.

Mr. Darling: I believe that cutting VAT, from which everyone can potentially benefit quickly, and the measures that I have implemented to reduce the amount of income tax that the lower paid pay, to increase child benefit and increase the amount of money going to pensioners will all benefit people in this country, as well as the economy as a whole. To stand back and do nothing—that is what we saw in the 1980s and the 1990s, when I think that the hon. Gentleman would have taken a different view—and thereby allow a recession to be deeper and longer would be more painful for the whole of the country, including the people whom he represents. I am not prepared to follow that course.

Several hon. Members *rose*—

Mr. Darling: In a moment.

The Conservative party is now virtually isolated in its belief that Government should do absolutely nothing to help. All over the world—in the United States, France, Germany, Italy, Japan, China, Spain, Mexico and South Korea—Governments are coming to the view that they ought to be helping their economies at a time when they are all being affected by the fallout that started, as the Americans themselves say, in the American sub-prime market last year.

Several hon. Members *rose*—

Mr. Darling: Before I give way, let me plant something in the shadow Chancellor's mind, as he referred to the Institute for Fiscal Studies so often in his speech. When Robert Chote, the director of the IFS, briefed people yesterday, he concluded his remarks by saying:

> "on balance the risk of acting may be less than the risk of refusing to".

The hon. Gentleman should remember that.

Bob Spink (Castle Point) (Ind): I am grateful to the Chancellor for giving way. My constituents will be pleased to hear what he has said about not increasing VAT above 17.5 per cent. after we start to out of this recession. Would he acknowledge, however, that Britain subsidises a number of EU countries and that our membership costs us many hundreds of thousands of jobs, and probably up to about £50 billion? Is it not time to start clawing that back?

Mr. Darling: I just do not agree with the hon. Gentleman. Frankly, to cut ourselves off from the European Union at this time, or indeed any time would be absolute madness. He may have left the Conservative party, but a lot of his former colleagues share his view and I totally oppose it.

Chris Ruane *rose*—

Mr. Jim Devine (Livingston) (Lab) *rose*—

Mr. Darling: I give way to my hon. Friend the Member for Livingston (Mr. Devine).

Mr. Devine: I am grateful to my right hon. Friend for giving way. Is not the difference between our party and the Conservatives that they believe that high unemployment is a price worth paying and we do not?

Mr. Darling: My hon. Friend represents an area that was devastated in the 1980s and 1990s, when the mining and steel industries came to an end. It took years—many of them under a Labour Government—to ensure that we recovered.

Mr. John Redwood (Wokingham) (Con): I am grateful to the Chancellor. Given that the banking package has so far unfortunately not succeeded in loosening the credit that is so needed for anything to work in our economy, will he look again at that £487 billion package and renegotiate it, so that it is better value for the taxpayer and starts to work for the banks?

Mr. Darling: I will return to that point shortly, but may I just say that I believe that the steps that we took to recapitalise the banks were absolutely essential, because if we had not taken them, we might have been faced with the collapse of the banking system, as the Governor of the Bank of England has said. Secondly, we will have legally binding agreements with the Royal Bank of Scotland Group and with Lloyds TSB and Halifax Bank of Scotland, if that merger goes ahead, which will require them to maintain a level of lending. The right hon. Gentleman will no doubt welcome the statement by the RBS Group and NatWest at the weekend, in which they made it quite clear that they are ready and able to treat their business customers in a way that people will accept.

Chris Ruane *rose*—

Mr. Darling: I give way to my hon. Friend.

Chris Ruane: At last! Which dictum does the Chancellor feel is most relevant to the current slowdown: the old dictum that unemployment is a price worth paying or the new dictum that the recession should run its course?

Mr. Darling: We on the Labour Benches are quite clear: people elect their Governments to ensure that they help them—to help people, businesses and the whole economy—during times of difficulty. For my part, I am not prepared—nor, I suspect, are my hon. Friends—to repeat the mistakes that we saw in this country 10, 20 or 30 years ago.

Several hon. Members *rose*—

Mr. Darling: I will give way shortly, but I want to make some progress.

On Monday afternoon, the shadow Chancellor said that we were heading in the same direction as Japan. I pointed out to him that I had had the benefit of a conversation with the Finance Minister of Japan just recently, who said that one of the reasons the Japanese economy had problems for so long was that the Japanese hesitated and delayed before doing something to help support it. We are not prepared to repeat those mistakes, whether they were made in this country or in Japan in the 1990s. The hon. Gentleman's advice is completely wrong once again. When we look at what is happening in other parts of the world and at what actions other countries are taking, we can see that all over the world, all countries recognise that they have a duty to support their economies at this time. It is only the Conservative party that seems to be taking a completely opposite stance.

Several hon. Members *rose*—

Mr. Darling: I will give way in a moment, but I am going to mention Europe, which I know distresses a lot of Opposition Members. *[Interruption.]* They are all sitting down now, Mr. Speaker. Despite what the shadow Chancellor said, right across Europe, including on our doorstep, namely France and Germany, Governments have taken action to stimulate their economies. That is important to consider because it is our biggest trading partner. The European Commission has today called for fiscal stimulus. It has called for a reduction in VAT, for capital expenditure and support for small business, as well as for the European Investment Bank to take action—all the things that we are doing in this country. So yet again, that example reveals the isolation of the Conservative party.

Several hon. Members *rose*—

Mr. Darling: I will give way to the hon. Gentleman.

Mr. Andrew Robathan (Blaby) (Con): I am most grateful to the Chancellor—

Mr. Darling: No, I meant the hon. Gentleman behind.

Mr. William Cash (Stone) (Con): The Chancellor of the Exchequer says on page 191 of his pre-Budget report that the contingent liabilities will be disclosed. Does he accept that his figure on page 198, which has already been referred to, is actually £1,258 billion, if one includes the Maastricht arrangements, and that if we add the contingent liabilities, we arrive, at a conservative estimate, at a figure of £2,400 billion? That would mean 120 per cent. of national income, not the figure of 57 per cent. to which he has referred.

Mr. Darling: I do not think that Maastricht has that much to do with it, although I know that Maastricht has something to do with just about everything that the hon. Gentleman ever raises.

What I find puzzling is why, against the background that I have set out and the determination of countries across the world to take action, the Conservative party should take the position that was set out today by the shadow Chancellor. On 15 July, the Leader of the Opposition said:

> "what the government ought to be doing is actually cutting taxes…giving a fiscal stimulus to the economy,"

Yet, only a few months later, he has changed his mind. Indeed, the chairman of the CBI said on Monday that

> "this fiscal stimulus is going to cost the Government less than doing nothing because of the impact on unemployment".

Perhaps the Conservatives should remember what happened in the 1980s and 1990s.

Gordon Banks: Will my right hon. Friend give way?

Mr. Darling: In one moment.

It would be wrong to argue that the Conservatives did nothing about unemployment in the 1980s and 1990s. They did: they changed the way that it was calculated 31 times. We put up with unemployment that had risen to 3 million. At the same time, the number of people on incapacity benefit rose. I remind the House that there are many people—*[Interruption.]* Yes, I do remember it. I remember what happened in the 1980s and 1990s, when, if I remember rightly, the shadow Chancellor was spending his time rather differently from the many people who were on the dole. Yes, there were two different pictures of Britain in the 1990s and people will remember that. I am not prepared to see the high economic and social costs of abandoning people to their fate, which is what the Conservative party argued then and what it is arguing now.

Sir Patrick Cormack (South Staffordshire) (Con): As one who remembers both of those recessions and was a Member at the time, may I say to the Chancellor that in the interests of the country I wish him well and hope his prescription succeeds—I genuinely mean that—but if we are not moving out of recession when he said he felt we would be and if his measures have not worked, will he resign?

Mr. Darling: I was going to say that I know that the hon. Gentleman was here in the 1980s and '90s and that he represents what I might call the decent wing of the Conservative party, but I would not join him in respect of his last remark.

Gordon Banks: Does my right hon. Friend agree that on the basis of the contributions we have heard from Conservative Members today, they have added nothing of any positive value to this debate at all? They are talking the UK down, just as certain Members talked the pound down. Will my right hon. Friend guarantee to the House that he will not be thrown off course by the "do-nothing" and "don't-care" party sitting on the Conservative Benches?

Mr. Darling: My hon. Friend is right. I know that part of his constituency also suffered greatly during the 1980s and '90s.

Several hon. Members *rose*—

Mr. Darling: I shall give way to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), but then I want to make some progress.

Rob Marris: I am grateful to my right hon. Friend. From today's revealing debates, it appears that the Conservative party position now is that in order to get out of the recession, we need credit insurance. Is my right hon. Friend aware of any other current Conservative party policy to address the recession that the world is in?

Mr. Darling: No, I am not, and the shadow Chancellor seemed to go out of his way to make it clear that there was not much that the Conservative party was proposing to do.

Several hon. Members *rose*—

Mr. Darling: If I may, I want to deal with the important point about banking that the shadow Chancellor made.

First, I know that both the shadow Chancellor and the Leader of the Opposition have made much of saying that radical monetary action is necessary. I believe that such action is necessary, but those policies—to reduce interest rates, for example—are only part of the solution. As many have said, when interest rates come down, one would normally expect the impact of that to be transmitted directly into the wider economy and we would all benefit. Part of the current problem, however, as the Governor of the Bank of England, the International Monetary Fund and the OECD have said, is that these are not normal times and the normal way in which the effects of the central bank's interest rates are translated straight into the wider economy is simply not happening. That is why I believe that, yes, it is important to have appropriate monetary policy, which has to be decided by the independent Bank of England, but that it has to

[Mr. Darling]

be supported by Government action to support the economy as well. In other words, fiscal policy has to support monetary policy.

Several hon. Members *rose*—

Mr. Darling: In a moment.

I agree that it is important to get banks to start lending again. The recapitalisation process is part of that and our agreements with some of the banks will also help, but we need to go further. That is why I said on Monday that the Government are ready and willing to hold banks to account. The banks have got to understand that just as in the good times they are falling over themselves to get customers from businesses and individuals, so in these difficult times they owe it to their customers to treat them fairly and reasonably. If the Royal Bank of Scotland Group can help its customers, I think that other banks must do so as well. I made it clear on Monday that if that does not happen, we are ready to take further action to ensure that bank lending resumes.

Sir Peter Tapsell (Louth and Horncastle) (Con) *rose*—

Mr. Darling: I will give way to a fellow Keynesian in just a moment.

It is also important that the Government do more, which is why I extended the small firms loan guarantee scheme, which will provide another £1 billion for small and medium-sized businesses—it was opposed by the Conservatives. Our current credit guarantee scheme underwrites lending, and I am surprised that the shadow Chancellor should now try to adopt a policy he opposed as one of his own. We are taking steps to help small businesses and we will continue to do so.

Sir Peter Tapsell: We can all agree on the importance of monetary policy. Nobody wrote with greater authority or greater length on the subject than John Maynard Keynes. We need not argue about that, but the point is that when the bank rate goes down to 1 per cent., 0.5 per cent. or even zero per cent., as the Governor of the Bank of England was suggesting only yesterday, monetary policy enormously weakens. Anyone using that weapon alone is in a very serious situation. That is why the liquidity of the banks is now the crucial issue and the next most crucial and closely related issue is how we are to avoid mass unemployment in the years ahead.

Mr. Darling: As the Prime Minister said to the hon. Gentleman earlier, we largely agree with what he is saying, but his problem is that his Front Benchers do not agree with it. As to bank lending, the hon. Gentleman is quite right. A combination of low interest rates and the measures I announced on Monday to help the economy must be accompanied by two further actions. First, we need to do everything we can to get bank lending resumed, particularly to the small business sector, which is crucial. Secondly, the other thing that will help, and this is something that the Conservative party simply cannot accept, is that if other countries across the world stimulate their economies, there will be a far better chance of mitigating some of the worst effects of the slowdown so that our economies can start to grow far more quickly than they otherwise would.

Mr. Lindsay Hoyle (Chorley) (Lab): May I reassure my right hon. Friend that the memories of people across Lancashire whose minds were scarred by the complete destruction of manufacturing throughout the '80s are intact and what happened has not been forgotten or forgiven. Will he reassure me and those people in Lancashire that when it comes to procurement—and this Government procure a great deal—the Government will support British jobs in manufacturing?

Mr. Darling: I agree with what my hon. Friend says and I very much hope that British firms will benefit not just from Government procurement but in the supply chain by the involvement of a wider number of companies.

Dr. Nick Palmer (Broxtowe) (Lab): I was elected as a new Labour MP with a business background. Up to now, I would not have supported intervention in the banks on the scale that may be necessary, but I believe that the overwhelming majority of my constituents support my right hon. Friend's stance that the money given to the banks must be passed on and that national banking managements must tell their branches to resume lending to companies that need it.

Mr. Darling: I agree with my hon. Friend and I know that he speaks with considerable experience in business. It is important to encourage the banks to resume lending, as I have said.

Several hon. Members *rose*—

Mr. Darling: Let me make a bit of progress.

It is not just that the Conservative party does not accept the case for helping and simply walks away instead; it is also that its position on borrowing is completely confused. The Leader of the Opposition said only a couple of weeks ago:

> "Borrowing goes up. That is inevitable and you have to allow it to happen".

A week later, the shadow Chancellor said that borrowing was "the wrong approach", yet his shadow Chief Secretary, the hon. Member for Runnymede and Weybridge (Mr. Hammond) had said a day earlier that

> "to increase borrowing to deal with an economic downturn is a perfectly sensible thing to do."

He was absolutely right on that point, if not on any other.

Several hon. Members *rose*—

Mr. Darling: I give way to the hon. and learned Member for Harborough (Mr. Garnier), but then I am going to make some progress.

Mr. Edward Garnier (Harborough) (Con): I thank the Chancellor. Will he give us his best estimate of the cost of interest on Government borrowing over the next five financial years?

Mr. Darling: What I would say to the hon. and learned Gentleman is that because interest rates are lower, the Government will benefit from it. I will also say something else to him: if we do not do anything, as we saw in the early 1990s when debt actually doubled, the cost to the Government and to every individual man, woman and child in the country will be far higher. That is why I believe that Government should intervene in order to help.

Several hon. Members *rose*—

Mr. Darling: I am not giving way. I want to make some progress and deal with some important points.

Mr. George Osborne *rose*—

Mr. Darling: All right, I will give way to the shadow Chancellor as a matter of etiquette, but I want to deal with some of the points that he raised.

Mr. Osborne: I am grateful to the Chancellor for giving way. He was talking about trying to get the banks to do more. Will he confirm that this afternoon Northern Rock, which he owns, increased its interest rate on a one-year fixed mortgage from 3.99 per cent. to 4.19 per cent.?

Mr. Darling: As the House will know, part of our business plan for Northern Rock—which, of course, had to be approved under the state aid rules of Europe—provides that it must reduce the number of people to whom it lends in order for the business to survive in the longer term. I must say that that was a bit rich coming from the shadow Chancellor, who opposed our nationalisation of Northern Rock and who would have done absolutely nothing to save the bank.

The shadow Chancellor claimed that our accounts and the figures that I gave on Monday were not right. They were right. We have set out a clear plan for how we will support the economy now: how we will help businesses and people, and, in the medium term, how we will raise the funds that are necessary for borrowing to be brought back down to a current balance by 2015. Unlike the Conservative party, we have set out a plan—a plan to help Britain now and to ensure that we have sustainable finances in the future.

Sandra Gidley (Romsey) (LD): The Chancellor mentioned businesses. Will he note that our French neighbours have injected €19 billion to boost bigger businesses such as the car industry, so that firms such as Ford in Southampton can have a more certain future?

Mr. Darling: I will say to the hon. Lady that Europe is very important.

I think it right for me to say a word about spirits. I refer to the spirits that we drink, rather than the ones that we might imagine. I said on Monday that I wanted to ensure that the level of taxation on alcohol and cigarettes remained the same, so that broadly speaking the reduction in VAT would be cancelled out by a change in duty. I think that, in relation to spirits, what we announced on Monday did not achieve that, so I am tabling a further order today to ensure that the duty on spirits is charged at a slightly lower rate. I think that that will hugely benefit the spirits industry wherever it is.

Miss Anne McIntosh (Vale of York) (Con): In the pre-Budget report, the Chancellor referred to increasing fuel duty on petrol and increasing national insurance. Those two measures alone will damage people who live in rural areas such as the Vale of York, and will push up the cost of delivering public services in those areas. How can the Chancellor say that he wants to help people when he is damaging those living in rural areas in that way?

Mr. Darling: The most damaging thing that we could do to rural areas would be to allow a situation to develop in which a recession became longer and deeper than it would be otherwise. I believe that the measures we have announced will help not just people—because of the reductions in income tax, the fact that we have been able to increase the amount going to pensions and pension credit, and the fact that we have been able to bring child benefit forward to January—but businesses. We have helped businesses in relation to loans, and we have helped the construction industry by supporting house building. All those measures will make a substantial difference to the country.

The one point on which I agreed with the shadow Chancellor when he spoke on Monday afternoon was this. The country does have a choice. The choice is between a Government who are ready to help people and businesses to ensure that we get through this and can seize the huge opportunities that we have for the future, and a Conservative Government who would simply walk away and abandon people and businesses.

The shadow Chancellor made much of this afternoon's debate, but he had absolutely nothing to announce that would help this country and the people of this country. I believe that the measures I announced on Monday—a wide range of measures—will help people. We will continue, as a Government, to do everything we can to help our economy, to help businesses and to help people.

I believe that the people of this country, just like those in the House, will reject the postures of Conservative Members. They have no serious proposition to present, they do not know what their policies are, they are inconsistent and they are incoherent. I believe that the approach set out by our Government is the right approach, and we will see it through.

2.24 pm

Dr. Vincent Cable (Twickenham) (LD): I welcome the debate, and congratulate the Conservative shadow Chancellor, the hon. Member for Tatton (Mr. Osborne), on securing it. A three-hour debate does not really do justice to the magnitude of the problem, but we are grateful to you, Mr. Speaker, for agreeing to it.

The hon. Member for Tatton made several key points with which I agree. I agree that the figures for the economy and the public finances are poor, but at the same time they are optimistic—very optimistic. It is worth noting that Mr. Robert Chote of the Institute for Fiscal Studies, whom the Chancellor has already called in aid, observed yesterday that what is being hidden here was not so much a tax bombshell—although there may be one of those—as a drastic cut in public investment over the period to 2012-13. That makes complete nonsense of the Government's claim to be borrowing to invest.

Mr. Richard Benyon (Newbury) (Con): The hon. Gentleman will notice that page 200 of the pre-Budget Report contains a line that sounds fairly innocuous:

> "The uncertainty surrounding economic prospects in turn implies greater than usual risks surrounding the public finance projections."

Does he agree that that is Treasury-speak for a very serious warning about the optimistic forecasts in relation to the length and depth of the recession that the Chancellor made on Monday?

Dr. Cable: The hon. Gentleman is right, and I shall develop that point further in a few moments.

The second point on which I agree with the hon. Member for Tatton—a point, indeed, that the Liberal Democrats have been making trenchantly—is that the banking crisis is almost certainly more important in terms of its impact on the economy, and we need to divert a good deal of attention to that problem. However, I disagree fundamentally with the hon. Gentleman's belief that there is no need for a fiscal stimulus. I think that that is absolutely wrong.

The Conservatives—I shall say more about this later—are presenting themselves as the party of change which identifies with the change on the other side of the Atlantic, but while we sit here debating the issue, the incoming Obama Administration are discussing a fiscal stimulus that is 20 to 25 times bigger than what the British Government propose. It is also two to three times as much in relation to the American economy, and—in answer to the shadow Chief Secretary, the hon. Member for Runnymede and Weybridge (Mr. Hammond)—it starts from a point at which the Americans' debt position in relation to GDP is worse than ours. Nevertheless, they have to apply it.

Mr. Frank Field (Birkenhead) (Lab): Can the hon. Gentleman tell us whether the President-elect is thinking of spending that money on VAT cuts or on income tax cuts?

Dr. Cable: I think that the emphasis is on helping low-income families—and I welcomed the right hon. Gentleman's contribution to the debate in the form of a letter in this morning's *Guardian*—but the emphasis is also on public investment. I shall say more about that shortly as well.

Ms Dari Taylor: Will the hon. Gentleman give way?

Dr. Cable: I must make some progress first.

Before we discuss the issues in detail, I want to refer to the terms of the overall debate. I think that the public outside the House are becoming increasingly disenchanted with hearing on the one hand the argument that this is all the fault of the Prime Minister, and on the other hand the argument that it is all the fault of the American sub-prime market and "nothing to do with us, guv". The obvious explanation is that there are policy failures here, and an international crisis at the same time. Both those factors apply, and any reasonable debate must start from that assumption.

Let me return to the first point: the numbers, which have already been read out. The hon. Member for Tatton was correct in saying that the forecast that the Government are using to predict a recovery in 2010, with growth of 1.5 to 2 per cent., is wildly optimistic in comparison with the figures given by all the other main public bodies. The figures given by the International Monetary Fund, the European Commission and the OECD are significantly lower, as are those given by the National Institute of Economic and Social Research. Interestingly enough, the only two bodies that are forecasting the kind of growth in which the Government believe are the investment banks. They are the institutions which, for the past decade, have been gambling with their investors' money in a reckless, over-optimistic manner, and they are the people on whom the Government are relying for advice.

The truth is that the growth of the economy in the next two years is almost certain to be negative or virtually negligible, and the advice of the key independent agencies is that planning must be based on that assumption.

Ms Taylor: Is the hon. Gentleman saying, as many economists and serious commentators in the press are saying, that the mess we are in today is in part, and a good part, a consequence of the actions of the City of London and incompetent bankers?

Dr. Cable: Of course it is. However, I want to move on from ascribing blame to establishing how we should deal with it. To do that, we must take stock of where we are with the public finances. What is very striking from the numbers is that the profile of public borrowing on which the Government are embarking is almost identical to that of the early 1990s. I guess that both the Conservatives and Labour are embarrassed about that and do not want to draw too much attention to it. In 1992-93 and the following year, public borrowing amounted to 7.7 per cent. of GDP, and the current Government are planning 8 per cent. and 7 per cent., which is almost identical. The problem for the Government is that, for several reasons, this is almost certainly too optimistic. Their growth forecasts are optimistic, and they are assuming massive efficiency gains that no one in Government believes in, and, crucially, they are assuming severe control of public expenditure for the foreseeable future: 1.4 per cent. annual growth in public spending. If anybody believes that, they should look at a reference, buried away on page 210 of the PBR, to public sector pension costs. I am talking about not public sector pension liabilities, which is a big issue, but actual cash spending, which is, of course, a non-discretionary item—the Government cannot do anything about it unless they legislate. The reference shows an increase in public sector pensions from £1.2 billion in 2006-07 to £3 billion this year and £4 billion next year, but three years ago the Government were estimating it at only £600 million. That is completely out of control, and it will squeeze other key elements in public service delivery.

Lord Oakeshott, my colleague in the other place, raised this in the Lords yesterday, and our colleagues in the Lords moved a motion recently to try to set up a public service pensions commission based on Lord Turner's recommendation that this difficult issue should be properly examined. We could not understand why not only the Government but the Conservatives voted against the proposition. They want to keep this in the long grass, but it is a crucial issue that must be addressed.

Michael Jabez Foster (Hastings and Rye) (Lab): Is the hon. Gentleman therefore saying that public sector pensions are unaffordable and that he would want to renegotiate them?

Dr. Cable: In terms of contributions and commitments, the costs are simply unsustainable on the current basis. Although Members are, of course, beneficiaries, we will have to look at this issue, because otherwise elements of public spending will be drastically squeezed to pay for it.

Mr. Gordon Prentice (Pendle) (Lab): Does not the new top rate of tax cover the commitment entirely?

Dr. Cable: I will come to that later, but according to the IFS the new top rate of tax will yield zero revenue.

Mr. Redwood: On fiscal judgment, if the fiscal deficit were as low as the Government and the hon. Gentleman suggest, I could see the case for this, but is he not aware that we are in fact down to borrow £157 billion this year, before the deep recession hits, which is more than 10 per cent. of national income? That is why some of us think that this is too risky.

Dr. Cable: Let me take that last phrase; is it therefore too risky to embark upon a fiscal stimulus? That is the key issue, and I wish to move on to it. The Conservatives have clearly taken the view that it is too risky; they believe that it is either too dangerous to have a fiscal expansion, or that that will be ineffective. I fundamentally disagree, because it is one of the fundamental duties of Government in times of war and slump to sustain the economy. The Government inevitably are, and have to be, the investor of last resort to keep economies going and ultimately to reduce the level of borrowing, which rises if economies get into a downward spiral. That is a fundamental duty.

The Chancellor had a very good line in his response on Monday, which we all laughed at. It was about past Labour Chancellors, but if he knew a little more about Labour history, he would remember that the really tragic case was not Denis Healey, James Callaghan or Sir Stafford Cripps, but it was a man called Philip Snowden, and his boss, Ramsay MacDonald. They came into office, rather as the Conservatives now hope to do, in a slump situation with the hopes of the nation behind them, and they looked at the public accounts and said, "This is awful. We have to cut back and balance the Budget." Millions of people suffered as a consequence. That is, I think, the course that the right hon. Member for Wokingham (Mr. Redwood) and his colleagues want us to embark upon.

Mr. Kenneth Clarke (Rushcliffe) (Con): Surely the hon. Gentleman is not asserting that there is no risk in borrowing on this scale against the background of the accumulated debt that is having to be tackled? Does he not accept that if we find it impossible to fund this debt, we will be in appalling trouble? The chances are that interest rates will be driven up by the Government's need to raise them in order to pass on their bonds, and we will face a serious risk to the value of sterling with further problems arising from that. Surely he is not saying there is not a very considerable risk. There must be a balanced judgment at least. The idea that we have to spend this money is utterly reckless, which is rather out of character for the hon. Gentleman.

Dr. Cable: Of course, the former Chancellor, whose views are always respected here, is making the correct point that there is a balance to be struck and there is risk, and the cost of Government borrowing in the gilts market is a key consideration. However, the fact is that in emergency situations, Governments have a responsibility. That is most obviously the case in war. Nobody expected that Mr. Churchill would stand up and say, "Sorry, we can't keep on fighting on the beaches because there is growing worry in the gilts market about the rising cost of ammunition." In emergency situations, Governments have to act, and although this is not war, it is an economic emergency and it requires drastic action.

Mr. Graham Stuart: What we have from the Chancellor is a proposal to spend more than the total cost of funding the second world war and rebuilding Britain afterwards, and that, it seems, is still delivering an inadequate—to borrow the hon. Gentleman's word—fiscal stimulus. Is he therefore suggesting that we should throw caution to the wind and borrow a lot more than the Chancellor proposes to deliver the kind of stimulus he says the country needs?

Dr. Cable: I am not throwing caution to the wind. Indeed, our proposals for tax cuts for the lower paid were fully funded, and in that sense—

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the hon. Gentleman give way?

Dr. Cable: Can I just press on?

In that sense, our proposals underline what the Conservative party has acknowledged on funding. The first thing that has to happen, which I do not think the Conservatives are recommending, is that public investment must be maintained, or preferably increased. What is so worrying about the IFS analysis that came out yesterday is that the Government are proposing a cut of 16 per cent. in public investment over the next three years. How on earth is this supposed to stimulate the economy and maintain infrastructure so that it can handle the increased demand when the economy recovers? That makes absolutely no sense.

Let me just take a couple of examples of how this is working through. Housing is the obvious area. The Government make a great deal of the fact that they propose to bring forward £800 million of expenditure on social housing. We want to see more expenditure on housing; it is highly appropriate in this context, and that kind of money would buy about 6,000 houses in the current economic environment. However, the Government said two years ago that they had a plan for social housing costing £8 billion. What happened to it? Where did it go? The truth is that it is stuck, as many of the housing associations are on the brink of bankruptcy because they entered into strange deals with developers at the peak of the market to build shared housing and they cannot progress on that, and the Treasury is quibbling with the housing associations about the funding formula, so nothing is happening. There is, therefore, a wholly inadequate response in terms of public investment. What the Government can and should be doing by way of stimulus is making sure that this public investment does happen.

Mr. Heald: Can I take the hon. Gentleman back to the issue of pension costs? It is true that pension costs in the public sector will go up a good deal because they are index-linked and this year the retail prices index is high. However, is he seriously saying he would want to review or change that, because when all is said and done, these pensioners have earned their pensions and they are entitled to the increase?

Dr. Cable: I am now beginning to understand why Conservative Members are so scared of the issue, but it has to be faced, both in terms of contributions and entitlements; otherwise, it is fundamentally unsustainable. It is no good Members bouncing up and down here in the Chamber to talk about the long-term pension liabilities of the public sector unless they are willing to address the issue.

Let me move on in my discussion of what the fiscal stimulus actually means. One of the key elements of stimulus is public investment and the other is taxation. The Government have announced this VAT cut. The Liberal Democrats have made it clear that we regard this as not the best way of cutting taxation. There is an interesting little note in the impact assessment suggesting that business will have to pay £50 million to adjust to the change in prices, and then have to pay another £50 million when they change back again in 18 months.

Malcolm Bruce (Gordon) (LD): Is my hon. Friend getting the same reports that I am getting from the construction industry? It expects to lay off hundreds, if not thousands, of people early in the new year when the current house building programme comes to an end. Does he agree that this is an opportunity to use a recession to create infrastructure at a more affordable price than would be the case if we were to wait until the economy started to recover?

Dr. Cable: If the Government were really serious about VAT reform, they would be considering the VAT on home improvements, which is one of the obvious areas that could change the picture.

The Liberal Democrats believe that there should be a significant, but permanent tax cut for low-paid workers; we have suggested the equivalent of £16 billion to £18 billion, which is in the ballpark of the Government's tax proposals. We propose that that should be paid for by people higher up the income scale. Of course, the Government have put forward what they regard as a redistributive element—the new top rate of tax, which will be 45p in the pound. I have taken an intervention that suggested that that will raise a lot of money, so I shall repeat that the Institute for Fiscal Studies says it will raise no revenue. We should know that, because for many years when we had a similar proposal, the Government told us that it would raise no money. They are now putting this forward, apparently aware of the consequences of their own arguments. It will raise no money for the following reason: why would people with a high income pay a 45 per cent. marginal rate of tax on it when they could convert it into capital and pay 18 per cent., as any tax accountant would tell them to do? Why would they not persuade their employer to give them relief from higher income tax and put it into a pension pot that, again, will accrue relief from the higher rate tax of 45 per cent? Those are the obvious measures that any Government who are serious about income distribution need to address.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman is making an excellent speech. Does he agree that the IFS has got it wrong when it says that the 45 per cent. rate will raise next to nothing? It argues that the rate will lead to a greater number of people leaving the country and/or using avoidance schemes. Those arguments were precisely the ones used in relation to non-domiciles, but there has not been a queue of people leaving the country, and there has been no apparent, substantial increase in the use of avoidance schemes. Is the IFS not making a misleading point?

Dr. Cable: Back Benchers are getting a bit desperate over this. The truth is that even if there were no behavioural effects, the Government would raise £600 million, which is a 20th of what they need to make from their tax cut. This measure is pure tokenism and has no economic significance.

Julia Goldsworthy (Falmouth and Camborne) (LD): My hon. Friend is making a clear case to show that, at the top end of the scale, those on high incomes are able to get around tax changes, whereas for those at the bottom end, council tax and the like are increasing by more than inflation. The pre-Budget report has made an assumption that council tax will increase by 4.5 per cent., but these people probably are not even claiming their council tax benefit and this money comes out of their net income. Do not changes need to be made to help those on the lowest incomes?

Dr. Cable: Absolutely. I am hoping that the right hon. Member for Birkenhead (Mr. Field) will have an opportunity to make his point, because I know that the fact that the Government have not yet fully committed themselves to permanent compensation for those very lowest earners is something that concerns him.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP) *rose—*

Dr. Cable: I wish to make progress and deal with the bigger question, in quantitative terms, about what is happening in the banking system. The Chair of the Treasury Committee, the right hon. Member for West Dunbartonshire (John McFall), made a very effective intervention in Prime Minister's questions, reminding us of what the Governor of the Bank of England said yesterday. The Governor said that in relation to the funds that the banks already have—he was not talking about long-term commitments—they are acting in a way that, individually, makes perfect sense. The banks are conserving capital, they are hanging on and they are keeping the Government out of their affairs. They are preparing for the days when they can go back to paying dividends and bonuses. From their own self-interested, short-term point of view, their approach is entirely rational, but collectively it is suicidal. The Governor made that point very clear.

Of course, there are many ways in which we can move on the flow of bank lending—we broadly support the proposal made by the Conservative shadow spokesman, and we have advocated it from these Benches—but before we talk about new institutions, why not focus on the money that is already there? That is the money that the Government have committed, much of which has not yet been taken up, and the guarantees that the Government have offered, which also have not been fully taken up. The Government cannot just walk away from this pathetic decision not to put their own representatives on the boards of the companies that are semi-nationalised. They should be on those boards and they should be setting the strategy of the banks.

Mr. Darling: I am listening with great interest to what the hon. Gentleman has to say, but he is wrong on this point. One of the conditions of the recapitalisation of the Royal Bank of Scotland Group is that the Government would nominate three directors If the merger of HBOS and Lloyds goes ahead, we will have two directors there as well. His point on that has been met.

Dr. Cable: In that case, I apologise for getting it wrong. I hope that the Government will do what they did with Northern Rock: publish the terms of reference of these directors to tell them the strategy that they will be required to follow. That is essential to getting the economy going.

A year or so ago, I made myself rather notorious in this place by pointing out that within a few weeks the Government had descended from order to chaos. Within the past few days, a similar transformation has taken place, from hope to despair and anger in the country. Unless we get a more effective response to this crisis, from both major parties, that anger and despair will continue.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, may I remind the House that Mr. Speaker has placed a 10-minute limit on all Back-Bench speeches? That starts from now.

2.46 pm

Ruth Kelly (Bolton, West) (Lab): It is a pleasure to address the House this afternoon, and I for one welcome the opportunity to debate the pre-Budget report. It is an incredibly significant economic and financial statement not only in its own terms, but because it has redrawn the financial and economic dividing lines between the two major political parties, perhaps for years to come.

This afternoon, the Conservative spokesman made an interesting proposal on setting up a new state institution. I intend to discuss in due course how we deal with the resumption of inter-bank lending, but on the fiscal stimulus, the Conservatives have made an historic mistake. I say that because since the middle of September the terms of the debate have changed fundamentally, with the collapse of Lehman Brothers and the systemic risk to the banking system. Not only is the recession potentially severe, but the outlook has deteriorated very sharply, so we must contemplate using all the economic and financial levers at our disposal. That includes using monetary policy to its full effect, wherever possible; using financial policy where that is possible; and using a fiscal stimulus. That is necessary to stave off not only what is now an inevitable recession, but the prospect of a global slump.

I shall start by discussing the macro-economic stance. Each week that goes by, the economic news seems to become worse. The speed at which this country, like every other major developed country, is entering recession seems to be gathering pace, whether we are talking about the rapid and significant increase in our unemployment, the dramatic fall in inflation and commodity prices or the further downturn in net mortgage lending, which we heard about yesterday. It is becoming widely accepted that our global financial system has experienced its most severe instability since the first world war. The Opposition would be right to suggest that monetary policy should take the strain if this were a typical downturn—a downturn generated by a failure of domestic economic policy or a downturn in domestic demand—with fiscal policy taking a subordinate but supportive role, but this is not a typical economic downturn.

Mr. Andrew Pelling (Croydon, Central) (Ind): The right hon. Lady recognises the robust way in which the Government have acted, but surely it is not enough just to have rescued the banks; it is necessary to repair them too. In reality, they are not in a position to lend until those bad debts are taken off their balance sheets, and a "bad bank" needs to be created to do that. Time needs to be taken to create a new bank—perhaps a "post bank"—that would be able to lend effectively in the economy and get economic growth going again.

Ruth Kelly: I intend to discuss how to try to get banks lending to each other again in due course. Creating a "bad bank" to deal with toxic assets is not necessarily the right way forward, partly because it is incredibly difficult to value those assets appropriately and the Government end up taking all the very worst of the debt without appreciating its true value. Of course, everything ought to remain an option as we go through these difficult times.

The Opposition have failed to appreciate a fact that was the essential point of my right hon. Friend the Chancellor's statement. In a global credit crunch the impact of monetary policy is at best uncertain and at worst negligible. Evidence mounts day by day, week by week, and even though the 1.5 per cent. interest rate cut was passed on to people with tracker mortgages, credit conditions remain incredibly tight. That is the case for mortgage holders but more particularly for small and medium-sized enterprises. There is evidence that good going concerns are being refused credit, that the availability of credit is shrinking and that the price of terms that have already been agreed has also increased.

Although the 1.5 per cent. cut has been passed on to those with tracker mortgages, the spread between inter-bank lending rates and base rates remains stubbornly high and there is no immediate sign that it will be reduced. In such circumstances, it would be hugely unwise to rely on monetary policy as the way out of the recession. Of course, monetary policy might help somewhat and if there are further deep cuts in interest rates they might act as a stimulus, but we should not bank on those measures as the only stimulus.

In precisely such credit constraint conditions, fiscal policy becomes ever more potent. I am glad that the Opposition have at least come to realise the importance of using the automatic stabilisers—a term that is now entering common currency—as tax receipts fall during a recession and benefit payments rise. It is incredibly important that the automatic stabilisers are used not to provide a fiscal stimulus—they do not do so—but to prevent fiscal policy from tightening and exacerbating any potential recession.

All credible economic commentators around the world seem to concur that a fiscal stimulus is needed, rather than just a use of the automatic stabilisers. In fact, the Bank of England, which published its quarterly inflation report yesterday, assumed as its central prediction that output would start to pick up from the middle of next

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year. The Bank of England, far from making the Government's case look somehow out-of-step and over-optimistic, also expects growth to resume from the middle of next year. However, it did not take into account the potential impact of any fiscal stimulus. The report states that

> "the slowdown may be less pronounced if…there is a stronger stimulus from fiscal policy."

It is not just the Bank of England. The Institute for Fiscal Studies welcomed the fiscal stimulus this morning, as did the CBI. Abroad, we are backed in our resolution by the IMF and by most credible economists and commentators. The argument against the use of fiscal policy usually rests on the following facts. First, people think that it takes too long to implement and if not carefully designed can end up turning a fledgling recovery into an unsustainable boom. Secondly, some people argue that if taxes are cut in the short term people will not necessarily spend the extra money because they think that taxes will rise in the medium term. Thirdly, people think that a fiscal boost could add to inflationary pressure. The likelihood of inflationary pressure being a problem seems entirely remote and should not keep many people awake at night.

Let me turn to the first two potential problems. Will the cut in VAT and bringing forward spending take too long to implement? Absolutely not. As we know, the cut in VAT has been turned on to take effect almost immediately and is clearly temporary, so VAT will rise in the future. The beauty of the VAT reduction is that unlike direct income tax cuts it can be implemented virtually straight away and can clearly be seen to be temporary. Given the potential severity of the downturn, it does not seem at all plausible that the measure could end up stoking a domestically generated boom. I find it extraordinary, incidentally, that the Liberal Democrats are arguing that a permanent funded tax cut could ever act as a temporary fiscal stimulus, but I leave that to their spokesman to explain in the future.

Is it the case, as the Opposition sometimes seem to argue, that people would just pocket the reduction in taxes and not spend the money to produce the desired stimulus? I find that hard to believe given that households across the income spectrum are credit constrained. That is what is happening with the global credit crunch. When people have more money in their pockets to spend, they tend to spend it. The Government have made a fairly conservative estimate, saying that about half will be spent and half will be saved. However, even if half that money is saved it will be because people are paying back their debts, and that will place them in a stronger position to spend in the future.

The Government forecast that the reduction in the impact of the recession will be about half a percentage point. It is easy to underestimate that effect. That reduction will keep a much larger number of people in their jobs throughout this downturn than would otherwise have been the case. It will keep more small businesses afloat, many of which would have gone bust during the economic downturn.

Of course, all that is likely to be far more powerful if countries act together rather than independently. When people spend their money on fiscal boosts, some of it will clearly go on imports from other countries. If everybody acts together, the impact of a fiscal stimulus is likely to be far more powerful. For that reason, we should welcome the fact that Japan, Germany, Spain, South Korea and China have announced or are planning a significant stimulus package. In particular, we should welcome the move announced yesterday by the United States. The injection of $800 billion into the US economy should have a pronounced effect not just on them but on us.

What happens to the public finances over the medium term is obviously important when it comes to the UK's position. I noted that the hon. Member for Tatton (Mr. Osborne) talked about the seven-year figures as fantasy figures. I cannot agree with that. What is the alternative? When a global credit crunch causes permanent deterioration in and damage to the output of the economy and when one cannot foresee how quickly corporate profitability will increase in the future—it will clearly remain low in the medium term—it is right that we should take our time before public finances are brought back to balance. The alternative, which would be to bring them back to balance much more quickly, would risk tightening fiscal policy at a time when another shock might come along in the system and make it worse.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): On the question of receipts that probably will not come back—they certainly will not do so in the near future—in financial services, such activity represents one third of the total receipts of the sector, which will probably not come back at all. Does my right hon. Friend agree that that represents a structural problem for us to overcome?

Ruth Kelly: It does. As my hon. Friend knows, that would mean that whatever the Government decided to do as a fiscal stimulus, either spending would have to be restrained or taxes would have to go up in the future. Given that we can use the fiscal stimulus, it is likely that we will pay back less in the future by ensuring that the economy does not suffer some of the permanent damage that might otherwise be inflicted.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I appreciate my right hon. Friend's points on monetary policy, particularly if those people who have access to the best trackers also racked up the biggest credit card bills in good times and therefore pass the reduction down by paying the debts. In that instance, in uncertain times, monetary policy has a limited effect. With respect to fiscal policy and Government spending and actions, does my right hon. Friend agree that it is important that the levers that we pull work? For instance, social landlords should build social housing.

Ruth Kelly: I completely agree that we need to ensure that what we say in public is translated in practice into real action.

That brings me on to inter-bank lending. As my right hon. Friend the Chairman of the Treasury Committee has pointed out so forcefully, there is a risk that what is right for any single bank in isolation is not right for the banking system. I urge the Chancellor to consider very seriously the proposals laid out in the Crosby report yesterday.

Any proposal, whether it is for a new state institution or is a Crosby proposal, will have to pass some fundamental tests. Do we really want the market in mortgage-backed securities to be resurrected at a time when the mortgage-backed security market has dried up? Would it potentially bias one form of lending against another? How does it fit with the credit guarantee schemes and will it make them more likely to work, or will it crowd out those proposals?

We should act together to try to get the banks to start lending to each other. We are in serious times that demand serious solutions. I urge my right hon. Friend the Chancellor to take any action that he thinks is appropriate.

2.59 pm

Mr. Kenneth Clarke (Rushcliffe) (Con): I am afraid that in this country we are probably facing the longest and deepest recession of my lifetime. I entirely share the sentiments of my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack); I hope that my forecast, along with all the other more gloomy forecasts, is wrong, because I do not wish to see the levels of unemployment, housing repossessions and business failures that we will see if we do indeed have the worst recession since the second world war. It is a very real risk, however, and there is no doubt that the global financial and banking crisis is the worst of its kind for at least 80 years. It has been made worse in this country, and we are more exposed than most developed countries, largely because of the mismanagement of the public finances and the failure to retain a sufficiency by way of firepower in the public finances. That is largely down to the former Chancellor—the present Prime Minister—and the complete failure of the regulatory system that he put in place when he took office.

Mr. MacNeil: Prior to the 2007 election in Scotland, which Labour lost, Labour people ran around with scare stories about how there would be £5,000 of debt per household in Scotland. The Government's own figures for the end of that period show a figure of £48,000 in debt per household. Does the right hon. and learned Gentleman think that the Chancellor and the Government should apologise?

Mr. Clarke: Yes, I do. The scale of the debt should dominate the debate, because it is the main substance of the pre-Budget report, so I will turn to it in a moment.

I am not going to go back to past recessions, although the Government always refer to the two that we had previously, which we shared to a certain extent with the rest of the globe and which, I remind them, we successfully exited. Obviously we looked at the usual monetary and fiscal weapons; indeed, we used them in a new way. We used monetary policy to target inflation, because they were inflationary recessions, and we went for sound fiscal policy to restore confidence in the public finances and provide the background of stability that was required to get back to growth in the economy. Of course we looked at all the options, including fiscal stimulus. However, I remind the House of my right hon. Friend Lord Howe's Budget in 1981. When he imposed very stiff increases in taxation and reductions in public spending in order to get back to fiscal stability, he was berated by all the so-called Keynesians—it was a bit of an insult to John Maynard Keynes—for doing so, but it was successful. I will not dilate on my own Budget of 1993, but I also had a fiscal problem, to a modest extent—it was not as bad as the one faced by Geoffrey Howe—and I did the same thing. Fiscal stimulus can be considered, but there are often good reasons for rejecting it.

Sir Peter Tapsell *rose—*

Mr. Clarke: I give way, for the last time, to my hon. Friend.

Sir Peter Tapsell: As someone who berated the 1981 Budget well before the 364 signatories to the famous letter, I said that a Budget that I described as intellectually and economically illiterate would destroy the base of British industry, and that was true—the west midlands has never recovered. The 1981 Budget is the reason why now, with the collapse of our financial industry, we do not have a proper industrial base.

Mr. Clarke: My hon. Friend was the most distinguished of those very strong critics in 1981. I did not agree with him then, and I do not now. I agree that our industrial base was destroyed, but I put that down to the excessive strength of sterling before 1981, which destroyed our competitive position. However, we can debate that hereafter.

Fiscal stimulus was not used on either of those occasions. It was ruled out as an option—

Chris Huhne (Eastleigh) (LD): Will the right hon. and learned Gentleman give way?

Mr. Clarke: No, I cannot, because I have a time limit; I am sorry.

Fiscal stimulus was not used on either of those occasions, and we successfully recovered from a recession—and the current Government benefited from that. The long track of figures that the Chancellor recited today were part of the process of getting the level of public debt back under control and getting the budget surplus steadily reduced so that the new Government could merely say that they would stick to the Major Government's figures. They then found that they were restored to balance in fairly rapid order; indeed, they began to accumulate very large Budget surpluses once we had the dotcom boom.

This crisis is different—it is at heart a banking and a credit crisis. I agree with the several speakers who have said in interventions or speeches that that is the main point that we must keep our eye on. Unless and until we get back to the normal functioning of the banking system, we will not have restored the British economy to health. Although it is very important to debate the public finances and the tax and spending proposals, as we are today, because they are part of the picture, to some extent we are addressing a symptom, not the root cause.

I want to emphasise that the big gap in Government policy, which was not really referred to in the PBR and was only hinted at by the Chancellor in his speech, is that they still have not produced a credible package to get the banking system functioning properly again—by which I mean resuming lending on a sound and commercial basis to households and businesses that can properly afford to take on the debt under a proper system of risk

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management. We are a million miles from that at the moment, and for as long as we remain so we will not have recovery; indeed, we are only at the beginning of recession that will almost certainly worsen well into 2009.

Mr. Pelling *rose—*

Mr. Clarke: I cannot give way because I have a time limit and other Members want to speak; I apologise.

Of course we all agree that monetary policy should be used as far as it can be. We are now in a position where the further reduction of bank rates is inevitable. I think that the Bank of England is the one institution that has handled itself pretty well, both before and during this crisis. I exclude it from most of the blame for the catastrophic folly that led up to the beginnings of the current problems. The trouble now—I actually agree with the right hon. Member for Bolton, West (Ruth Kelly) on this—is that monetary policy, in its classic sense, is not working and will not work for some time. The levers are not connected to the system. The availability of credit and the price that one has to pay for it does not bear much relation to the Bank of England's base rate. At some point that will click into gear again, but it could be some way off, so we have to look to fiscal policy.

My views have been quite well reported. Of course I accept that in these circumstances anybody will consider the prospects for fiscal stimulus. It is important, across the globe, that the surplus countries go in for very substantial fiscal stimulus. However, everybody has to consider whether the pressing problems of the forthcoming recession justify a degree of risk, and they do justify a degree of risk if fiscal stimulus will work. The key judgment is whether the state of the public finances makes the risk totally unacceptable.

I agree with the hon. Member for Twickenham (Dr. Cable) that there needs to be a balance, but it is a key judgment call. He seems instinctively to rush in saying, "Regardless of the quite appalling state of affairs that is revealed in the pre-Budget report, we still have to add another £20 billion to what is already there." I come to the opposite conclusion. We only have to begin at last to get some up-to-date figures, and to see what is revealed, on a very optimistic basis, in the pre-Budget report, to realise that another £20 billion is not available for fiscal stimulus. I thought that that was where the Liberals stood. Only a fortnight ago, we had an exchange in the previous debate where the hon. Gentleman ruled out fiscal stimulus.

Dr. Cable *indicated dissent.*

Mr. Clarke: Well, I tackled the hon. Gentleman on his tax proposals, and they were redistributive tax proposals whereby the rich were going to pay for tax cuts for the poor. I think that, rather like in the case of the Government, that is more electoral than economic in its objectives; that is debatable. In any event, he ruled out fiscal stimulus and has suddenly become a convert to it.

Dr. Cable: Let me correct the right hon. and learned Gentleman; perhaps I was not clear enough in my speech. Fiscal stimulus comes from two sources: first, from the fact that people on low incomes spend a significantly higher percentage of their income than those on high incomes; and secondly, from public investment, which is over and above any redistribution in the tax system.

Mr. Clarke: I would like to hear how much extra public investment the hon. Gentleman is talking about. Some of the public investment has just been pork barrel—although I have to say that I am grateful for the current proposals for dualling the A46. His tax proposals are marginally stimulating if he is right that some people who pay high tax save more and others on lower tax would spend slightly more, but he was not putting that forward as a fiscal stimulus, and he was prudent not to do so.

Many people will dilate on the appalling scale of the fiscal gap that is exposed now that we have up-to-date figures. If the Government had been a trading organisation, they would have been obliged a long time ago to update the ridiculous Budget forecasts that they put out a few months ago. The Prime Minister should be ashamed of himself for getting all his Ministers to repeat the 38 per cent. figure for debt to GDP ratio, which has not even kept up with the Office for National Statistics—it is a completely political figure. The comparisons with other countries are made on a completely different basis from the Maastricht-based accounting system on which the Europeans approach this matter. On the basis of figures used by any other country, we are already at about 60 per cent. debt to GDP ratio.

What is worse is that everything shows that the situation is deteriorating. We are not talking about how to pay for the VAT reduction, which is what the public have been told. We are faced with paying for years and years of having run mounting deficits when the current Prime Minister was Chancellor. We are also faced with the rapidly deteriorating position that the recession is beginning to cause, which will get worse as it goes on. The judgment about risk is quite clear.

Everyone knows that my preference for fiscal stimulus, if we could afford it, would be a VAT reduction, but I do not have time to argue that case. All possible approaches have upsides and downsides, but VAT reductions have a bigger impact on big ticket items such as cars, furniture and carpets, particularly when we approach the magic period in which the temporary VAT reduction is about to go up again. I have no doubt that had the Chancellor been allowed to print the figure that the Treasury wanted to print, to try to make the future more credible—it was going to put VAT up to 20 per cent. by the time we got to 2012—that would have given an even bigger stimulus to spending. Neither do I doubt that taxes will go up substantially when we get there.

As usual, I have used all my time, and have not been able to go into detail, so I shall conclude. At the heart of this issue is the condition of the banks. All democratic politicians will spend the next two years denouncing bankers, who have behaved badly in the past, but they are not on some sort of strike for malicious reasons. Instead of getting them in just to shout at them, we need to get them in to explain why the first package has not worked. The recapitalisation is too expensive—far more than anyone else's—and so are the loan guarantees. The shape of the package needs to be fixed. That is what needs to be done now.

3.12 pm

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): It is a pleasure to follow the former Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke), although I cannot I agree with everything he said. He started off well by setting a grave tone for the debate, because there is a danger that we in the House—and, indeed, the country—underestimate exactly the size of the problem that confronts us as a result of this international crisis.

Perhaps remarkably, I was in the Labour party's research department in 1967 when we had the financial crisis of devaluation, which I remember well, and I was in the House in 1976 when the International Monetary Fund came in. I remember even more vividly, however, the recession of the early 1980s and what it did to the west midlands, which was nothing to laugh at. It devastated the manufacturing base in my constituency. The 1990s were not much better. The hon. Member for Twickenham (Dr. Cable), with his usual omniscience in these matters, which accompanies his gift for prescience, pointed out that borrowing as a percentage of GDP in the early 1990s was about where we are now. That is probably a good parallel. Although the right hon. and learned Member for Rushcliffe did a lot to correct that in his years in the chancellorship, he did not bring it back into balance.

The current situation is graver than those events, and we must have unprecedented measures that are commensurate with it. We are looking at an unprecedented level of borrowing and an unprecedented combination of the credit crunch, the banking failure and a prospective economic downturn.

Mr. Cash: Will the hon. Gentleman give way?

Mr. Robinson: I shall give way in a short while. Let me just finish this point.

Mr. Frank Field: Is it not a fact that Labour Members and some Opposition Members feel that the Government should make every sensible move that they can to prevent this downturn from becoming a rout? I want to ask about one aspect of the Budget—making proper compensation for the 10p tax losers, which the Government have not done. Should they need to create further stimulus, they should single that group out for special attention.

Mr. Robinson: I am grateful to my right hon. Friend for his comments. He will recall that I opposed the move when it was first announced, before it was implemented. One of the silliest things that the Government have done has been to persevere with it. We should all acknowledge that my right hon. Friend the Chancellor has put things right. He has undertaken to correct the matter, and I am pretty sure that he will, but that should absolutely be a priority.

The situation is unprecedented. It is a failure across all fronts of Government and private sector activity, as well as internationally. The depth of it is unprecedented, and it is right to use all the levers of government to correct it, which is precisely what the Government are striving to do. The restraint on public expenditure to which the hon. Member for Twickenham rightly drew attention is important. We cannot exempt public sector investment from that. As we come out of this recession, no area of Government expenditure will be exempt from severe restraint. We must prioritise, particularly in relation to investment.

I am pleased to agree with several right hon. and hon. Members that social housing should be an unqualified priority. We need to take the same approach with housing associations. They have their difficulties, but they are prepared to advance money—I speak for the large social housing organisation, Orbit Group, which has its headquarters in my constituency. Housing associations can spend their share of the £8.7 billion programme, but they will need some subsidy, because the homes will be built for rent, not for purchase. The cash flow profile for rent is less advantageous than it is for purchasing, but we hope to recoup that when the houses come up for purchase. The associations that I have spoken to are prepared to share with the Government the profit on eventual sales, when the houses come up for purchase, so that the Government can recoup some of the subsidy that they have had to invest. I urge my right hon. Friend the Chancellor, or one of the Treasury team, to engage in a serious dialogue and to pull forward that advanced investment as part of the £8.7 billion. That should be an unqualified priority.

Mr. Cash: The hon. Gentleman talks about new investment, but that money has to be found. As my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) has pointed out, there is a vast amount of as yet undisclosed borrowing. Does the hon. Gentleman agree that the contingent liabilities to which I referred in my earlier exchanges with the Chancellor represent a horrendous picture? Not only are we running at £1 trillion, as disclosed by the net public sector borrowing, but when we add in the Maastricht arrangements that my right hon. and learned Friend mentioned, we get up to £1,258 billion. We then have to add public sector pensions, Network Rail, the whole issue of the banking arrangements, including those for Bradford & Bingley, and nuclear decommissioning, so we end up with a figure that is about twice the amount that has been disclosed. In other words, we will not find the investment, because the money simply is not there. We are talking about £2.5 trillion.

Mr. Robinson: I think that I shall content myself with the answer that the Chancellor gave to the hon. Gentleman. The numbers that we are dealing with are challenging enough without our having to indulge in the apocalyptic visions in which the hon. Gentleman is such a specialist.

The Government are giving the right help to families, children and pensioners in the general field of social housing, and for the associations in particular, and through the £8 billion package for small businesses. That makes the Opposition's position all the more incomprehensible. They refuse to face the situation that we are in. We understand that they are anxious to oppose, as that is their job, and to make their party political points as cheaply as they do. That is part of opposition, and that is accepted, but it is not acceptable or understandable that they content themselves with doing just that and with the need to get the banks lending again, although that is vital. That is not a position to take. The Opposition will be credible, acceptable and convincing to the country only when they come up with their own package to address the situation.

Mr. Jim Cunningham (Coventry, South) (Lab): I am sure that my hon. Friend recalls that he and I went through the 1970s and, particularly, the 1980s and the 1990s, under the previous Conservative Government. Does he not remember what happened to the west midlands at that time, when manufacturing and a whole range of services were devastated? We inherited a debt, and people were paying 50p in the pound as a result of that Government's legacy. The Conservatives have now failed either to confirm their previous policies or to give us new ones.

Mr. Robinson: I could not agree more with my hon. Friend, who is a fellow Coventry Member. I think that he was in industry at that time, coping directly with those who were being hit by all that. I was in the House, and every day I attended and found that another factory had gone under. It was the most terrifying situation. That was happening because, at precisely the point at which we entered that recession, Government expenditure was cut, thereby doubling the recession's effect. I entirely agree with Opposition Members who have made that point. We did not have 3 million unemployed; after the fiddling of the figures on incapacity benefit, we were looking at more than 4 million unemployed. That was the reality of the recession that the Government of that time quite unnecessarily put us into.

Given the scale of the problem today, we need a cohesive and coherent national effort to confront it. When we get through the party battles that will no doubt be fought in the House over the coming months about the Government's package, we must not lose sight of the fact that we have a mountain to climb. That will require an effort from everyone. It is in that context that I look at the increase in the top rate of income tax. I believe that the country will respond to the difficulties, because we always have. We faced the war. People say that this is not a wartime situation, but the scale of the problem involved in eliminating this debt is similar in many respects. People will respond if they believe that the burdens being shared are being fairly distributed. It is in that context that we are asking the best-off to make a bigger contribution. I can see no objection to that, when we know that we face several, perhaps many, years of severe restraint—certainly for the medium term—on living standards and public expenditure, as well as the prospect of unemployment for many, and even repossession.

Mr. Graham Stuart: Will the hon. Gentleman give way?

Mr. Robinson: No, I have given way many times. I am sure that the hon. Gentleman agrees that it would not be fair on other Members if I did so again.

The Government are absolutely right in all that they propose. Everyone agrees that getting the banks lending again is a vital part of the solution, but for Lord Lawson yesterday and Opposition Members today to plead that, if only we could get the banks to lend again, all our problems would disappear is implausible and disingenuous. It just is not right. It is important to do that, however, and it seems to be the one thing that the Government, with determination, can do. It is within their power. We own the Royal Bank of Scotland, and we are a major shareholder in HBOS. It is within our power to achieve something with those banks; we do not have to argue with them about it. I am sure that they will agree to it. I am not saying that we should go straight for issuing forceful directions. It is best to go with the grain and to get the directors behind us, so that they share in the national effort. Of course it will mean a restraint on dividends, if they are going to lend more than they might think it prudent or right for each individual bank to do, but we need a coherent, cohesive national effort in which everyone takes part and shares the burdens equally. It is therefore right to introduce an increase in the top rate of tax.

I would like to think that, at some point, the Opposition will give us a believable package of measures that they would like to introduce. If they do not, they will be abandoning their principal role as an Opposition, which is to put up an alternative policy to that of the Government. For the foreseeable future, however, I do not believe that there is an alternative, and I urge everyone to get together and push ahead with the policies that we have. If we are determined enough, if we demonstrate enough leadership, and if we stick with what we have said and urge restraint on public expenditure as we come out of the recession, I believe that we can succeed.

3.24 pm

Mr. Peter Lilley (Hitchin and Harpenden) (Con): It is a great privilege to follow the hon. Member for Coventry, North-West (Mr. Robinson), who speaks with great authority on these matters. I respect everything that he said, and I agree with some of it.

We owe a debt of gratitude to Mr. Speaker for granting us this three-hour debate, which was the maximum time that he could grant us.

We must consider the scale of the Budget measures announced on Monday—which dwarf anything that I have known in real Budgets over 25 years—and the calamitous state of the public finances that was therein revealed. Given the gravity of the economic situation, our constituents would have found it positively incomprehensible if Parliament had not debated the measures that we are discussing for this brief and inadequate period today.

Mr. Geoffrey Robinson *indicated assent.*

Mr. Lilley: I see that the previous speaker agrees with me.

Is there any Member in the House who would support and justify the Government's refusal to allow a debate on this Budget? There is none, and I hope that hon. Members will make their feelings known to the Leader of the House, who should be pressing on our behalf—

Simon Hughes: Will the right hon. Gentleman give way?

Mr. Lilley: Only if the hon. Gentleman is going to do that. Is he going to justify not having a debate?

Simon Hughes *indicated dissent.*

Mr. Lilley: Then I will not give way.

Given the inadequate time allocated for this debate, I shall make just a few brief points. Unless we correctly diagnose the causes of our problems, we will not get the right cure. It is therefore extremely worrying that the

Chancellor and the Prime Minister persist in the self-serving delusion that the cause of our problems lies exclusively in the United States of America. It was not America that caused us to have the biggest boom and bust in the housing market. The excessive lending, which exceeded not only that of America but that of the rest of the world, was a British-made problem. The failures of regulation by the regulatory system introduced by this Government were at least as severe as those in America. It was those mistakes, and not sub-prime mortgage lending, that brought down Northern Rock, then Bradford & Bingley and finally HBOS. It was the Government's policy of spending more than we were raising in taxes that led to the deficit in the public finances and the corresponding deficit in the balance of payments, thereby necessitating the huge devaluation in the pound that we have seen recently. I cannot see how any of the measures announced by the Government relate to those fundamental, underlying causes of the problems that we face.

Mr. David Drew (Stroud) (Lab/Co-op): I am interested to hear what the right hon. Gentleman is saying about public spending. I do not know on how many occasions he has made it clear in his constituency that he opposes this Government's investment in public spending. As a Labour Member, I congratulate them on that investment. Of course it has to be paid for, but does the right hon. Gentleman not agree that we should argue the case for higher public spending?

Mr. Lilley: Almost all my constituents who discuss this issue with me tell me clearly that the Government have been spending more than we can afford. They regret that, and of course they would like more spending, if it could be afforded. When it is clearly unaffordable, however, they condemn the Government for that practice; and when that spending leaves us with this kind of problem, which puts my constituents' jobs at risk, they are not going to put doctrines about public expenditure above the security of their employment.

Chris Huhne: Will the right hon. Gentleman give way?

Mr. Lilley: I should like to make some progress, if I may.

The second issue that I want to address is the Government's optimism that the fiscal stimulus, as they call it—increasing expenditure while reducing taxation—will be expansionary. I devoutly hope that it will prove to be expansionary. I hope it will work. However, most people, as well as the Government, believe that its impact is likely to be quite small. The right hon. Member for Bolton, West (Ruth Kelly) said that it would reduce the impact of the recession by about 0.5 per cent. of GDP. If the Government are convinced that that expansion will work, and that we face a severe contraction, why have they not done more? If there is a limit on affordability, why did they not double the cut in VAT for half the time? A 5 per cent. cut for six months would probably have had a more stimulatory effect—for the reasons spelled out by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke)—and we would have known sooner whether that was going to work or whether we would need to switch to other measures.

Dr. Palmer: Does the right hon. Gentleman accept that a 5 per cent. cut, to 12.5 per cent., would require consultation with the European Commission, and would have taken longer to implement?

Mr. Lilley: The hon. Gentleman is right: we are forbidden, under the present laws, to reduce VAT to under 15 per cent. That is absurd, and we should have asked for a waiver from that requirement. We should not allow that to be a restriction at a time of national emergency. However, it is significant that, by the modesty of their package, the Government recognise that even these measures are at, or even above, the maximum that we can afford, and that more might have had a negative effect.

We need to consider in what circumstances a budgetary stimulus or fiscal expansion has a positive effect, and in what circumstances it has a negative effect—the Government clearly fear the latter if they do more. Helpfully, the European Central Bank and the European Commission have studied the research done on all the fiscal—or so-called Keynesian—measures undertaken by different Governments in the past few decades. They come to some striking conclusions. They say that when Governments deliberately increased their borrowing to stimulate the economy, the effect of such expansionary measures was, at best, small. On half the occasions, the effect was the reverse of the Government's aim. My right hon. and learned Friend pointed out that we know from British experience that that is often the case. In 1976, we had what the Keynesians would call a contraction. Under the influence of the IMF, we cut spending and raised taxation. The effect was immediate. As Lord Donoughue said on Monday last week—and he was a member of Callaghan's Cabinet—the economy started recovering the next year, much more rapidly than expected. In 1981, 364 economists said, at what subsequently turned out to be the nadir of the downturn, that the measures that Lord Howe introduced in his Budget would accentuate the downturn because he raised taxes, cut spending and reduced borrowing. In fact, that marked the beginning of a sustained period of rapid growth.

The documents produced by the European Central Bank also show that the opposite has happened. Governments introduced what they thought would be expansionary measures, but they had a contractionary effect—they are called contractionary budget expansions. That is our worry—that the Government have done too much and it will have a contractionary effect. The studies show that such measures are most likely to have the opposite to the Keynesian effect when the Government start with a high level of borrowing—precisely the position we are in. Other countries that have managed their finances prudently and have low borrowing are in a position to take expansionary measures, and I hope that they do so and create markets for us to grow through export-led growth, but we are not in a position to do that on any scale.

Chris Huhne: The numbers suggest that the debt position is not as alarming as the right hon. Gentleman says. The current public sector net debt is 36.3 per cent. of GDP. In the last year of the Government of which he was a member, it was actually 42.5 per cent. Is he saying that circumstances today are so different from the circumstances that the right hon. and learned Member

[Chris Huhne]

for Rushcliffe (Mr. Clarke) inherited, with a fiscal expansion under that Government of 3 per cent. of GDP between 1990 and 1993-94?

Mr. Lilley: I was not trying to make an absurd party political point like the hon. Gentleman: I was quoting the European Central Bank and the European Commission studies of the experience of other countries. They have shown that when other countries have tried to launch a fiscal expansion on the back of a high level of borrowing or deficit—and the hon. Gentleman knows the difference between a deficit and the inherited debt of previous Governments—there is a danger that it actually leads to contraction. Why does it do so? There are three reasons. First, it undermines confidence. People think, "Gosh, the Government's finances are already pretty shot through. If they are going to borrow even more, we had better get out of here."

Chris Huhne: Will the right hon. Gentleman give way on that point?

Mr. Lilley: The hon. Gentleman has just made one silly party political intervention: he does not get a chance to make a second.

The second reason is the possible effect of the risk premium, even for Government borrowing. My right hon. and learned Friend made the point that the Government now have to pay more to borrow than private companies, and even French banks. The third reason, which is not often mentioned, is the fear among the general public that the additional money they receive from the Government borrowing more will have to be paid back through increased taxes. The public therefore save that money to pay the taxes in future.

I have always found the idea of Ricardo equivalence—that the general public can estimate the likely tax effects of borrowing in the distant future and predict on whom they will fall—very unlikely. But in the present circumstances, when the Government have spelled out that the short-term boost will be followed by specific and immediate increases in taxation, and when we know from what they have been trying to hide that any uncertainty is only that taxes may be even higher than so far revealed, it is all too likely that people will increase their saving to meet their future tax bills, thereby negating the effect of this attempt at expansion. Having said that, I hope that it works.

The Government are relying on an increase in taxes, and they will withdraw the personal allowance for people who earn more than £100,000—or £1 for every £2 of extra income. In effect, that will restore a 60 per cent. marginal tax rate for income above £100,000. In the past, that had a negative yield. We got more money when we reduced the top tax rate than when we maintained it. The Government have learned nothing and forgotten everything, and I hope that they will give us more time in the next Session to rub their noses in what is a very dangerous and risky Budget.

3.37 pm

Nigel Griffiths (Edinburgh, South) (Lab): The right hon. and learned Member for Rushcliffe (Mr. Clarke) was right to identify a prime source of the crisis that so many economies are suffering as the banks and banking malpractices. As a Member for Edinburgh, which is of course a major banking centre, I am acutely aware not only of the role of the banks, but of the consequences on jobs, general lending and people's lives.

As a former Minister for construction, I welcome the proposals of my right hon. Friend the Chancellor to draw down spending and ensure that construction projects are started and continued. That will give some relief to what is clearly a hard-pressed sector of our economy.

I am afraid, however, that I cannot take lessons on housing policy from the right hon. Member for Hitchin and Harpenden (Mr. Lilley). He will remember that, under the regime of which he was a very strong part, 2.5 million houses were hit by negative equity, and that 76,000 were repossessed in 1991. Last year, the repossession total was 18,000, and the present estimate for this year is almost half the Conservative figure. That answers the right hon. Member directly.

The right hon. and learned Member for Rushcliffe was willing to face up to the source of the crisis. It may be unpalatable to his Front-Bench team, but he is wise enough to know that the crisis started in America, and is having a global impact—

Mr. Kenneth Clarke *indicated dissent.*

Nigel Griffiths: Well, he is shaking his head, but he does not seem to want me to give way. His Front-Bench team believes that his account detracts from attacks on the Government for being the source of crisis. That is patently ridiculous—

Mr. Clarke: Will the hon. Gentleman give way?

Nigel Griffiths: Of course.

Mr. Clarke: My view is that nothing happened in America that did not happen here, and that nothing happened here that did not happen in America. Our worst mistakes were a failure of regulation and our bad public finances. They are the particular features of the crisis here, but should not the hon. Gentleman be cautious about putting forward figures for repossessions and the rest of it? Has it not occurred to him that we might be in this recession's early days, and that 2009 might be very much worse? Does he really believe the Government's reassuring message that we will resume economic growth in the later half of 2009? All their forecasts are based on that projection, but I know of no living person outside the Government who believes that that is credible for one moment.

Nigel Griffiths: And nor do I believe that the right hon. and learned Gentleman can compare in any way the scale of what has happened in Britain or elsewhere to what has happened with Fannie Mae or Bear Stearns, or to the collapse of Lehman's or the present crisis at Citibank. Those institutions' power and financial clout are bigger than major economies such as the UK's.

The Conservatives seem reluctant to face up to the fact that in 1997 the UK's GDP per head was the lowest in the G7. People in Britain were poorer and had less to spend than people in America, Japan, Germany, Italy, Canada or France. Now, of course, our GDP per head is the second highest, after the US. In the past decade, the UK has been the only G7 country to escape recession, and in that 10 years it has been the only major industrial economy to increase—from 7.5 per cent. to 8.25 per cent.—its share of global services. While Government borrowing peaked at 7.8 per cent. under the Conservatives, we brought it down to 1.2 per cent., and Labour's highest borrowing in the past decade was in fact lower than the average Conservative borrowing of 3.4 per cent.

Stewart Hosie (Dundee, East) (SNP): The hon. Gentleman makes a point about the growth in our service economy and in our exports of services, but I am sure that, for the sake of balance, he will also concede that there is a deficit of £87 billion in our trade in goods. On his Government's watch—and he used to be an unpaid part of that Government—1 million manufacturing jobs were lost, which led to the suppression of GDP growth by about 0.5 per cent. a year over the past five or six years.

Nigel Griffiths: Manufacturing output has of course increased dramatically in the past decade, as we have gone from being a relatively inefficient manufacturing country to a highly efficient one. There has been a marked cut in the numbers of jobs in every major industrial country, but this Government have done more to obviate that than any other Government would, or could, have done.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Will my hon. Friend give way?

Nigel Griffiths: No, as I am afraid that I am constrained for time. I hope, Mr. Deputy Speaker, that my right hon. Friend manages to catch your eye later.

I turn now to the national debt. Again, at 42.5 per cent., it was higher under the Conservatives, as was pointed out in the earlier helpful intervention. Now, at 37.7 per cent., it is lower than the figure for the US, Japan or the euro area. In the 1990s, two thirds of all public spending went on servicing debt and the costs of unemployment. This Government have freed up £23 billion to invest in public services that used to go on servicing the debt and paying for unemployment. That sum is equivalent to half the schools' budget.

Mr. Graham Stuart: Will the hon. Gentleman give way on that point?

Nigel Griffiths: I will.

Mr. Stuart: I am extremely grateful, but will he explain to the House what share of Government expenditure will go on servicing the debt when it has been doubled?

Nigel Griffiths: That has obviously been made clear in the account: we had the statement and we are having this debate because we recognise the severity of the problem, but we are not going to take lessons from a party that plunged us into two recessions, caused 76,000 people to lose their homes and oversaw a crisis in manufacturing the like of which this country had not seen in history.

On business competitiveness, the Government have taken positive steps to ensure that our economy is strong. At 28 per cent., our corporation tax is the lowest in the G7—it was 33 per cent. under the Conservatives—and that has helped to create 750,000 more businesses, 90 per cent. of which paid 10 per cent. tax, which is one of the lowest rates in the world.

Mr. Pelling: Will the hon. Gentleman give way?

Nigel Griffiths: No, I am not giving way again. No one is in any doubt about the scale of the economic problems. Just a few short months ago, when my right hon. Friend the Chancellor warned that the UK economy faced problems not seen for 50 years, the shadow Chancellor got to the TV studios as quick as he could to denounce that. Now we know that my right hon. Friend was looking ahead to the problems that we now face, and so was in a better position to measure them up and take the steps that he announced on Monday.

The House will not have forgotten that in 1997, our poorest senior citizens had just £69 a week to live on—more than £50 a week less than they do now. With that £50, the Government have lifted 1.9 million senior citizens out of poverty. The country has not forgotten that in 1997, spending per pupil was less than £3,000. It is now £5,430. Investment in school buildings, including roofs, more than doubled, and we now have 40,000 more teachers in our schools. In our NHS, we have 130,000 more nurses, doctors and consultants, and Labour's investment in our health service means that 240,000 people are alive today, recovering from cancer and heart disease, who would simply have died had Tory levels of investment continued.

There has been a decade of growth, a decade of cutting public debt, a decade of lowering taxes, a decade of creating 3 million more jobs, and a decade of investing in public services. The hon. Member for Twickenham (Dr. Cable) made a number of telling points about the decades of failure under previous Governments, but today, the shadow Chancellor showed that, having trawled the record for lessons that the Conservatives could learn, he has found none. As for solutions, he proposes none. He now proposes to do virtually nothing, and that is not an option.

3.47 pm

Mr. Michael Jack (Fylde) (Con): If there was a prize for political irrelevance, the speech of the hon. Member for Edinburgh, South (Nigel Griffiths) would get the accolade of the year. Significantly, his "All Our Yesterdays" way of looking at the economy managed to ignore one trend of the past few years: the build-up of debt that has left this country in a singularly difficult position when it comes to coping with the current economic downturn. If he wants to be honest about figures, he should not be so selective in those that he uses to make his case.

Mr. Heald: I do not know whether my right hon. Friend agrees, but I am sure that the speech that the hon. Member for Edinburgh, South (Nigel Griffiths) gave used to end with the line, "And we have ended boom and bust!"

Mr. Jack: My hon. Friend makes a point that I missed out in my peroration. I totally agree with him. I wanted to start with the words of the Prime Minister on 17 November. When he came back triumphant from Washington, he told us that those members of the G20 who were at the conference had agreed to do certain things. He referred in the House of Commons to the

"full disclosure of toxic assets"—[*Official Report*, 17 November 2008; Vol. 483, c. 22.]

[Mr. Jack]

The idea was that that disclosure would be planned for, and revealed, by 31 March next year, but that is too late; it is too long a period. My right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), a former Chancellor, made the point that we need to have some idea of where we are with the toxic debt in our banking community, but that has not been addressed properly, either on this side of the Atlantic or in north America. However we choose to clean up the mess of toxic debt in banking, clear it up we must if we are to get proper banking relations to prevail.

If LIBOR and the bank rate are to come into touch with each other and money is to become more affordable, that problem must be addressed. I have not heard anything from the Government to suggest that they are seriously addressing that issue. All that we hear is that the bankers have been called in—the Government are talking to them and trying to persuade them—but nothing happens in the real world to help small businesses desperate for money that they can afford, or to assist medium-sized businesses with their cash flow or, indeed, to help large businesses so that they can carry on the job of raising working capital at an affordable price.

Mr. Redwood: One problem is that the Government themselves do not even follow transparency. In the pre-Budget report, which is a large document, there are no proper figures on Northern Rock or RBS. I cannot get the accounts on those banks from the Vote Office—I have to get them elsewhere—because the Government have no intention whatsoever of revealing their own transactions to the House.

Mr. Jack: Indeed.

Mr. Dunne: Further to the point made by my right hon. Friend the Member for Wokingham (Mr. Redwood), there has not been a single reference to the fact that, only last week, Northern Rock decided to allow its principal securitisation vehicle, Granite, to go under and go into default asset recovery. As a consequence, the Government have sold a share in their own bank worth £3.3 billion, which is much less likely to be recovered, and it will take many years to do so. Where is the transparency on that toxic asset?

Mr. Jack: My right hon. Friend the Member for Wokingham (Mr. Redwood) and my hon. Friend the Member for Ludlow (Mr. Dunne) both make the point that we need a great deal more transparency, and that action is required to address the question of banks' balance sheets. Unless banks have the confidence to lend to one another, normal monetary policy will not be resumed.

Much has been said about the way in which we might try to encourage the economy to overcome the downturn. I agree with my right hon. and learned Friend the Member for Rushcliffe: I think that that is going to take much longer than the Treasury's heroic idea of "one year, then we will be out of it." The Treasury have forgotten the failures of their own system of forecasting. If we look at successive Red Books over the past few years, we will see a table of endless adjustments of previous projections of tax receipts and, indeed, borrowing, which shows that Treasury forecasting has entered an era of inaccuracy. The Chancellor would be unwise to dismiss many of the commentators who have commented on the likely severity of the downturn. There is a human trait that the House of Commons needs to address, as it is easy to get caught up in the technicalities of economics and monetary and fiscal policy, and forget the fear factor and the lack of confidence among members of the public. Why have retail sales declined? Unemployment has fully to bite in this recession. There are about 25 million people who are still in employment, but many of them are frightened of what might happen. They are genuinely uncertain about the future, and they are frightened when they hear that Government borrowing will rise to £118 billion. They know that that is a big number, and that somebody will have to pay for it. While there is that uncertainty, they will not spend.

Most people gain confidence from knowing that the price of their house—their single biggest asset—has some kind of value. Only today in the Tea Room, however, we saw a headline saying that houses in London are to be sold with a further £100,000 off their asking price. When people read that, they do not look beyond the headline—they know that it is a frightening time, so they are cautious with their money. That is why I am concerned that the pre-Budget report has done nothing whatsoever to get the fundamental housing market going. There have been comments on the subject of social housing, but the Government should recognise that there may be an opportunity, particularly for first-time and young buyers, to get into the housing market. Measures could be taken including, for example, a further rise in the stamp duty threshold to £500,000. The number of mortgages for new lending has effectively dropped to an all-time low. Estate agents are lucky if they sell one house a week. Those are all factors that affect not just the housing market and people's confidence but the construction industry. If there was some movement, perhaps that would restore confidence in the economy.

Paul Farrelly (Newcastle-under-Lyme) (Lab) *rose—*

Mr. Jack: I will not give way, as I have already done so three times.

The cut in VAT is but a temporary stimulus at a time at which prices are already falling. The real disappointment in the pre-Budget report is that no other options on fiscal stimulus were discussed. We have simply been told that the policy is 2.5 per cent. off VAT.

I should have declared my business interests at the outset of the debate. One of the problems that businesses face is the cut in industrial buildings allowance, which was the price for the fall in corporation tax. However, if a business is not making a profit, such measures are irrelevant. What are the Government doing to maintain and stimulate industrial investment? There is effectively nothing in the pre-Budget report that deals with that.

My right hon. and learned Friend the Member for Rushcliffe has discussed big-ticket items. Maybe there was a case for selective reductions in VAT, because companies will either consider the reduction in VAT as a benefit to their cash flow and keep some of it or use some of the money to reduce prices on one or two things. The 2.5 per cent. cut across the board for a limited period of time must be paid for by a substantial increase in borrowing, which estimates indicate will cost this country by 2014 the equivalent of increasing the basic rate of tax by 2.5p. That is not necessarily the best way to stimulate the economy.

We should have had a thorough debate about the long-term alternatives to get the economy going. Unless the Chancellor of the Exchequer addresses monetary policy and at least gets normal service resumed, we will not know whether the Government have done too much or too little with fiscal policy. If there are too many variables, one does not know whether one's policy ideas will work.

Particularly from the standpoint of north-west England, I urge the Chancellor to reflect on major defence contracts when he considers his public expenditure options—I imagine that every penny of Government spending is currently under review. The aerospace industry in north-west England accounts for some 40,000 jobs. Many of the constituents of the right hon. Member for Bolton, West (Ruth Kelly) are involved in the aerospace industry, so she understands, and the same is true of the hon. Member for Ellesmere Port and Neston (Andrew Miller). I urge the Chancellor to make certain that projects such as Eurofighter are at least maintained both for their military importance and for their importance to the economy.

The public in this country will not easily forgive what the Government have done. My right hon. and learned Friend the Member for Rushcliffe left the economy travelling in the right direction. The profligate spending by the former Chancellor, who is now the Prime Minister, has left us ill equipped to deal with a downturn in the economy. One of the things that worries me about the Chancellor's attitude of throwing bell, book and candle at the problem now is that none of us knows precisely what will happen in the future. This recession is uncharted waters, and I wonder what is left in the locker, if there are further shocks. I hope that the Chancellor will review alternative fiscal stimuli, because industry may need such help. The most important thing is to maintain people in employment, which is the cheapest and best way to maintain economic activity, but I am not certain whether the Chancellor's VAT cut will do that.

3.58 pm

Andrew Miller (Ellesmere Port and Neston) (Lab): I will be brief, because the winding-up speeches are due to start at six minutes past 4.

Following the intervention by my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett), I have been surprised by the way in which the official Opposition have derided the notion that the problems started in north America. The world has changed, and we now live in a world of instant communications where events spread very quickly. That applies to not only banking and commerce, but to many aspects of our society, and global events that begin with a pinprick will spread around the world very quickly in other areas, too. Anyone who has read anything about chaos theory will understand what I mean. That is why it is so important—no one from the Opposition has mentioned this—that my right hon. Friends the Chancellor and the Prime Minister get on the global stage and argue Britain's corner and Europe's corner. If we do not do so, we will let down our country extremely badly.

The hon. Member for Tatton (Mr. Osborne) and I have two things in common. First, we are both Cheshire Members, and I hope that he will reflect on what I say towards the end of my remarks, because some of his constituents work for companies in my constituency. Secondly, we both took a holiday in Corfu, but I shall not develop that point. Mine was a considerably cheaper version.

I am also concerned to hear the surprise—the shock, horror—based on the idea that my right hon. Friend the Chancellor did not look at dozens of ideas, and did not ask civil servants, officials and colleagues to present alternative propositions to him. Of course he did. We would be here lambasting him if there were evidence that he had not examined dozens and dozens of ideas placed in front of him.

Sir Robert Smith: Will the hon. Gentleman give way?

Andrew Miller: No, because I have to sit down at six minutes past.

My right hon. Friend the Chancellor was quite right to contemplate all the papers that were put in front of him, and I agree with him that the conclusion that he reached will probably have the greatest impact on the lower-paid families whom many of us represent. It is important for them in terms of their capacity to help stimulate the economy and in terms of their immediate needs, and we should support people that way.

My next point is about industry. The right hon. Member for Fylde (Mr. Jack) made a point about aerospace, and I totally concur. It is vital that those large projects continue. The case that he explored is vital from the point of view of national defence and because of the importance of that aspect of manufacturing to the economy in the north-west.

I also represent a manufacturing constituency that is dominated by petrochemicals and vehicles. The vehicle industry's position is different from the last time that we faced an economic downturn, because we are now in a global economy—a point that I made at the outset. Vehicles, like any other product and commodity, are now global products. The Vauxhall Astra, which is made in my constituency, is also made in several other countries, and its components are made globally—as far afield as Australia.

We need to ensure that in finding a solution, we think globally, and I welcome the fact that Lord Mandelson has made a real commitment—some people describe it as a conversion—to manufacturing. He is meeting the Society of Motor Manufacturers and Traders, and that will be an important discussion. It has been well trailed that the SMMT will press for support through the European Investment Bank to ensure that proper support mechanisms are in place for industries such as the vehicle industry, which is so important to our economy, particularly in the north-west. I urge my right hon. Friend the Chancellor to give every possible line of support to the ongoing discussions, because, if in the worst case scenario, General Motors or Ford goes into chapter 11 bankruptcy, the consequences in Europe will be dire indeed—not against the background of rubbish products, but against the background of high-quality products that have a future market and deserve protection.

Finally, I should say that I have been somewhat surprised. Given that the Tories demanded this debate, I thought that we would hear some great alternative solutions from them. What I want to find out from the wind-ups is whether the Opposition are in favour of tax

[Andrew Miller]

cuts now to boost the economy. Will they vote against the £60 payment to pensioners and the increases in child benefit and tax credit? *[Interruption.]* Of course they will have time. Let us hear their views.

Sir Robert Smith *rose—*

Andrew Miller: No, I will not give way.

Does the hon. Member for Tatton think that the recession is good for the health, as his party's health spokesman does? Those are the questions that the nation wants answered. If they are to be a credible Opposition, they cannot just pontificate—they have to come out with policies that mean something to the hard-pressed people we represent.

4.5 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): Through you, Madam Deputy Speaker, I thank Mr. Speaker once again for asserting the right of Parliament to debate this Budget—for that is what it is—before its principal element comes into force next Monday. This is the debate that the Government did not want to have.

We have heard from the Conservative Benches a reflection of the anger and bewilderment felt in the country and expressed in the media at how Labour has failed once again in its stewardship of our national finances—mortgaging our futures and those of our children and grandchildren to try to secure their own. The Government are frittering away the golden legacy that they inherited from my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) in 1997.

The Government borrowed through the good years, when more prudent nations were piling up surpluses, and they ran a structural deficit when they should have been paying off debt. They have sheltered behind a bogus set of fiscal rules that failed to constrain reckless borrowing in the good times and was promptly junked when the going got tough. As recently as May this year, the Prime Minister was extolling the sustainable investment rule—that debt should not exceed 40 per cent. of GDP. On Monday, without a hint of an apology, the Chancellor told us that debt will now reach 58 per cent. of GDP, casually admitting that the Government will have doubled our national debt to £1 trillion. That is one third higher in real terms than our national debt when we had just finished fighting the second world war.

Over eight years, the Government have repeatedly projected a return to fiscal balance a few years down the line, and they have repeatedly been wrong. On Monday, they did so again in the pre-Budget report, learning nothing and forgetting everything. The Government project a short and shallow recession while the weight of expert opinion sees a longer and deeper one. The Government claim that Britain is well prepared, but all the evidence from the OECD, the International Monetary Fund and the European Union is that the recession here will be worse than that of any comparable economy. They forecast a rapid return to above-trend growth in 2011 on the basis of no evidence whatever. To gloss over the black hole in their numbers, and ignoring the warning from the right hon. Member for Bolton, West (Ruth Kelly) that revenues will be slow to recover, they assume in the pre-Budget report a fantasy acceleration of growth in Government revenue from 2.8 per cent. a year to 4.1 per cent. a year. That is £20 billion a year in revenue conjured out of nowhere by the manipulation of the figures.

The markets have not been deceived, and nor should the people be. The cost of insuring British Government debt has increased tenfold, and in the past week it has gone up by 50 per cent., three times the rate for German Government debt. As my hon. Friend the Chancellor observed, thanks to the Government's profligacy—

Mr. George Osborne: Shadow Chancellor.

Mr. Hammond: I am sorry; I am getting ahead of myself.

Thanks to the Government's profligacy, the full faith and credit of the United Kingdom is now rated less highly by the markets than the promises of companies such as Nestlé and British Petroleum. Sterling has declined 25 per cent. against the dollar—more than the 1967 "pound in your pocket" devaluation and more than the 1992 exchange rate mechanism devaluation. And what is the Government's solution? Their big plan, their answer to a recession caused by reckless borrowing and excessive debt, is more reckless borrowing and still greater debt. Their answer is to fund temporary cuts in VAT at a time when prices are falling anyway, and when the Prime Minister and the Governor of the Bank of England are warning against the risks of deflation, followed by increases at the very point when the economy is supposed to be coming out of recession and will need all the encouragement it can get. Borrow now, pay later.

Chris Huhne: I am puzzled by one thing the hon. Gentleman said, given the powerful case that he is making about the problems in the public finances. Why does he think that the bond market, which is far deeper and more liquid than the credit default swap market, has seen a 0.5 per cent. fall in the 10-year bond yield over the past month? Is that market getting it wrong where the credit default swap market is getting it right?

Mr. Hammond: Puzzled and confused seems to be the Liberal Democrat position on many things. There are many other factors driving the corporate bond market, but only one factor drives the sovereign debt credit default market, which is the creditworthiness of the United Kingdom Government.

This tax policy is driven not by the economic cycle, but by the electoral timetable—a £20 billion tax cut before the general election financed by a £40 billion tax increase afterwards. That is just the bit of the iceberg we can see. We have heard during the past 24 hours that the Treasury's plan was to use more realistic assumptions, and to announce a tax increase package including an extra £5 billion a year of VAT after 2011 by introducing an 18.5 per cent. rate. Clearly, the Prime Minister, who promised us transparency, did not approve of such candour.

Rob Marris: Will the hon. Gentleman give way?

Mr. Hammond: I am sorry, but I have not got time.

The Chancellor tells us that he considers all options before a Budget, but he did not test the credibility of the House by suggesting that for every one of those options, a fully worked-up explanatory memorandum is produced and signed on the behalf of a Minister by a civil servant.

The Government's solution is increased taxes for everyone earning over £19,000 a year. We have heard from the delusional tendency on the Government Benches about the delights of a higher top tax rate for high earners, but we have heard from several hon. Members this afternoon that the Institute for Fiscal Studies estimated that the net effect of the new top rate will be approximately zero, meaning, as usual, that middle-income earners will be left to foot the bill as the Government seek to fill their black hole with permanently higher council tax, permanently higher fuel duty, permanently higher alcohol taxes and permanently higher national insurance contributions. There will be a tax on jobs for employees and employers alike.

As my right hon. and learned Friend the Member for Rushcliffe pointed out, all that is to pay for a short-term tax cut that Britain cannot afford, and that will not save us from recession, business failures, soaring job losses and home repossessions. It will not save us because, as my right hon. Friend the Member for Fylde (Mr. Jack) pointed out, the reason people are not spending is not because goods are too expensive to the tune of 2.5 per cent. but because they are over-indebted, worried about their borrowing capacity and their creditworthiness. Their houses are shrinking in value, their jobs are at risk and they do not know whether they will be able to borrow to fund the big-ticket items that they want. The Government say—

Mr. John Spellar (Warley) (Lab): What does the hon. Gentleman say?

Mr. Hammond: I will tell you. They say that we will do nothing. They are wrong, and they know that they are wrong. Doing nothing is not an option, but neither is doing just anything and borrowing to pay for it. A temporary tax cut when prices are falling, funded by promises of tax rises in the recovery, is as good as doing nothing. What is needed is a targeted response to the real underlying problem, which is the credit crunch. The CBI and the Governor of the Bank of England agree that getting lending going again is the critical test—far more important than a temporary cut in VAT.

My hon. Friend the shadow Chancellor set out this afternoon a specific proposal for the creation of a state credit insurance institution to guarantee loans to businesses in order to get credit flowing to save jobs and businesses in this Labour recession. We have already announced a raft of targeted measures to help families and businesses and save jobs, including a £2.6 billion package to support employers taking on new staff, a cut in national insurance contributions for the smallest employers, a council tax freeze and, most importantly, an automatic right for smaller and medium-sized businesses to defer their VAT payments by six months. That would pump £10 billion of working capital into the corporate sector of Britain as of right, not after a mountain of form-filling and a delay intermediated by the banks, which is what the Chancellor's small firms loan guarantee scheme expansion would involve. That is a coherent package that would not place a tax bombshell under Britain's future.

The Government have made their choice—short-term tax cuts before an election, followed by a massive tax hike after the election—just as they did in the previous two elections. We have made our choice, too: fiscal prudence with a sustainable path for the growth of public spending and a focus on where the real problem lies, getting credit flowing again, and helping families and businesses in the meantime with properly targeted help.

The Prime Minister said that he had abolished boom and bust, so he did not notice that the boom was based on a bubble and financed by a mountain of unsustainable debt. He deluded himself and the country into mistaking the creation of credit for the creation of wealth. We had the illusion of boom and now we have the reality of a bust. Now that the bubble has burst, his only answer, like a junkie reaching for one last fix, is to borrow still more, but he cannot avoid the truth. This recession was caused by excessive debt and we cannot borrow our way out of debt.

The Prime Minister has planted a tax bombshell under the British people. The clock is ticking, but the British people are not fools. They know that Britain can no longer afford this Government. His fiscal rules are gone, his reputation is shattered, his economic policy is crumbling before our eyes and he no longer has the authority or the credibility to lead Britain through the economic challenges ahead. For years he has lived on borrowed money; now he is living on borrowed time.

4.17 pm

The Chief Secretary to the Treasury (Yvette Cooper): We have had a thoughtful debate, once we got past the early bombast from the hon. Member for Tatton (Mr. Osborne). The debate in all parts of the House has broadly been very thoughtful. Hon. Members have talked about the seriousness of the challenges that we face. We have toured the economic history, talking about Budgets from 1993, 1981 and 1967, and we even went back to Snowden. There is a broad consensus in all parts of the House that the events that we have seen in the world economy over the past 12 months have not been seen in any of our lifetimes. This week the biggest bank in the world had to be bailed out by the American Government. That is evidence of the sheer scale of the global problems facing every country in the world.

Extraordinary times require extraordinary measures. Evidence of the extraordinary times is the fact that the right hon. and learned Member for Rushcliffe (Mr. Clarke), having long been an opponent of Bank of England independence, brought himself to support the Bank's role in the current events. As the right hon. Member for Fylde (Mr. Jack) said, there is great uncertainty. People are very worried about the economic events that they see around them. That is why the pre-Budget report is so important.

Two things are clear from this debate. First, there is a big difference. We on the Labour Benches believe that we should act now to support the economy; the Conservative party does not. Secondly, the Conservative party is not prepared to take the tough decisions in the future to bring the public finances back into line after the problems caused by the recession.

Mr. Walker: It is estimated that by the time we reach the end of this recession, this country's national debt will be £1 trillion. Can the Chief Secretary tell us how many zeroes there are in a trillion?

Yvette Cooper: We have set out the forecasts. We are increasing debt and increasing borrowing, because that is the right thing to do, as part of the £20 billion fiscal boost announced by the Chancellor, which includes cutting VAT, extra cash for families and pensioners, income tax cuts and speeding up investment to support jobs, as well as extra help for small businesses in particular, which goes considerably further than the measures that the shadow Chancellor has announced.

Mr. Peter Bone (Wellingborough) (Con) *rose*—

Yvette Cooper: I want to respond to comments made in the debate.

We had a detailed discussion about the importance of the fiscal boost, which was clearly and well argued for by my right hon. Friend the Member for Bolton, West (Ruth Kelly), who pointed out the limitations of monetary policy at a time like this. Yes, we need monetary policy and action to support the banks and get them lending again, which is why the action of the Royal Bank of Scotland at the weekend has been welcomed as a step forward, and we do of course need to go further. The hon. Member for Tatton seemed to be calling for radical monetary policy; it sounded to me as if what he was actually calling for was an end to the independence of the Bank of England and for him to set interest rates instead.

Several hon. Members *rose*—

Yvette Cooper: We believe that now is an important time to use fiscal policy, as do other countries. In Europe, where major countries' debt levels are higher than ours, fiscal action is being supported. The President of the European Commission said just this morning that he is supporting a £160 billion economic recovery package across Europe. In America, for Republicans and Democrats alike, their debt is higher than ours and their borrowing is higher than ours. Yesterday, President-elect Obama announced a fiscal boost of more than 3 per cent. for the American economy, when he said:

> "The consensus is this, that we have to do whatever it takes to get this economy moving again".

Germany, Spain, the US, Australia, Japan, China and other countries across the world are all introducing fiscal boosts for their economies because they know that there is too much at stake for Governments to stand back and allow the recession to take its course. They all know that the nature of the shocks to the financial system, alongside falling inflation, means that monetary policy is not enough. Even the International Monetary Fund has said—*[Interruption.]*

Several hon. Members *rose*—

Madam Deputy Speaker (Sylvia Heal): Order. It is entirely up to the Chief Secretary to decide whether she wants to give way.

Yvette Cooper: The IMF said:

> "If there has ever been a time in modern economic history when fiscal policy and a fiscal stimulus should be used, it's now."

Mr. Kenneth Clarke: My understanding of the background to the PBR on this point is that the Treasury wanted to put in credible figures for two or three years ahead to show how all this was going to be paid for before returning to stable policy, but Downing street did not. Is it not the case that more tax increases were originally going to be put in than eventually appeared and that they have been replaced by wholly incredible growth forecasts, supposedly getting us back to 3 per cent. growth by 2012?

Yvette Cooper: The right hon. and learned Gentleman is talking nonsense. As the Chancellor said, we looked at a range of options and decided on the fairest options necessary to bring borrowing back down. That is the right thing to do to support a fiscal policy and a fiscal boost that are supported across the world. That is supported by the Bank of England, the CBI, the Federation of Small Businesses, the TUC, the national institute and the Institute for Fiscal Studies—everyone except the Conservative party.

Conservative Members also oppose the action we need to take in future to bring borrowing back down. The credit crunch is not hitting our economy only today; it is affecting our public finances into the future. This year alone, the revenue from the financial and housing sectors is likely to be £25 billion lower, and it will take the financial sector some time to recover. Because of the recession and the impact of the credit crunch, tax receipts will fall to 33.8 per cent. of GDP, and responsible Governments know that that has to be dealt with not now, while the economy is under pressure, but in future once the economy grows. We have set out how to do that in a fair way, but the Conservative Front Benchers oppose any action to bring borrowing down in future. They oppose any tax increases, although I notice that they are still supporting tax cuts on millionaires' estates. Not only would they not bring borrowing down, but the effect of their programme would be to push borrowing up even higher.

When my right hon. Friend the Chancellor said earlier that the Government ought to be cutting taxes and giving a fiscal stimulus to the economy, quoting what the Conservative party leader said in July, I noticed that the hon. Member for Runnymede and Weybridge (Mr. Hammond) cried out no, saying it should be done permanently. I should point out to the hon. Gentleman that a permanent fiscal stimulus is a permanent increase in borrowing. That is what this party opposes and why we are calling for borrowing to come back down and why we are being responsible about it.

The cut in VAT, once it is passed through, will mean that the average household will find its normal spending costs more than £20 less each month. That is extra cash that people can spend to support the economy or to help them get through the more difficult times ahead. We want to give every pensioner in the country £60 extra in the new year—something opposed by the Conservatives at the very time that it is most difficult for pensioners to pay their fuel bills in the winter months.

We want £3 billion brought forward to repair schools, insulate homes and build roads—again, that is early investment opposed by the Conservatives. We want to put £20 billion into the economy, which the Conservatives also oppose. It will be funded by borrowing in the short term that we will bring down and which they have opposed time and time again. Yes, it means borrowing more in the short term; the truth is that it will cost us all far more later if we do not do that now. The Conservatives say that we cannot afford to do it, but we know that we cannot afford not to.

Mr. Paul Burstow (Sutton and Cheam) (LD): *rose in his place and claimed to move,* That the Question be now put.

Question put, That the Question be now put:—

The House divided: Ayes 67, Noes 422.

Division No. 339] **[4.25 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Clegg, rh Mr. Nick
Davey, Mr. Edward
Davies, Mr. Dai
Dodds, Mr. Nigel
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Holmes, Paul
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Keetch, Mr. Paul
Kramer, Susan
Laws, Mr. David
Leech, Mr. John
Lilley, rh Mr. Peter
MacNeil, Mr. Angus
Mason, John
McCrea, Dr. William
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Pelling, Mr. Andrew
Price, Adam
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Simpson, David
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy

Tellers for the Ayes:
Sir Robert Smith and
Mr. Roger Williams

NOES

Afriyie, Adam
Ainger, Nick
Ainsworth, rh Mr. Bob
Ainsworth, Mr. Peter
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Amess, Mr. David
Ancram, rh Mr. Michael
Anderson, Mr. David
Anderson, Janet
Arbuthnot, rh Mr. James
Atkins, Charlotte
Atkinson, Mr. Peter
Austin, Mr. Ian
Austin, John
Bacon, Mr. Richard
Bailey, Mr. Adrian
Baldry, Tony
Banks, Gordon
Barker, Gregory
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Bellingham, Mr. Henry
Benn, rh Hilary
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Betts, Mr. Clive
Binley, Mr. Brian
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Blunt, Mr. Crispin
Bone, Mr. Peter
Borrow, Mr. David S.
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brennan, Kevin
Brokenshire, James
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burns, Mr. Simon
Burt, Alistair
Butler, Ms Dawn
Butterfill, Sir John
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Carswell, Mr. Douglas
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Kenneth
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Conway, Derek
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curry, rh Mr. David
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Djanogly, Mr. Jonathan
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dorries, Mrs. Nadine
Dowd, Jim
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ellwood, Mr. Tobias
Ennis, Jeff
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farrelly, Paul
Field, Mr. Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr. Edward
Gauke, Mr. David
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harper, Mr. Mark
Harris, Mr. Tom
Havard, Mr. Dai
Hayes, Mr. John
Healey, rh John
Heathcoat-Amory, rh Mr. David
Hendrick, Mr. Mark
Hendry, Charles
Hepburn, Mr. Stephen
Heppell, Mr. John
Herbert, Nick
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hoban, Mr. Mark
Hodgson, Mrs. Sharon
Hoey, Kate
Holloway, Mr. Adam
Hoon, rh Mr. Geoffrey
Hope, Phil

Hopkins, Kelvin
Horam, Mr. John
Howard, rh Mr. Michael
Howell, John
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunt, Mr. Jeremy
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jack, rh Mr. Michael
Jackson, Mr. Stewart
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kawczynski, Daniel
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Key, Robert
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kirkbride, Miss Julie
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Laxton, Mr. Bob
Lazarowicz, Mark
Leigh, Mr. Edward
Lepper, David
Letwin, rh Mr. Oliver
Levitt, Tom
Lewis, Mr. Ivan
Lidington, Mr. David
Linton, Martin
Lloyd, Tony
Loughton, Tim
Love, Mr. Andrew
Lucas, Ian
Mackay, rh Mr. Andrew
MacShane, rh Mr. Denis
Main, Anne
Malik, Mr. Shahid
Malins, Mr. Humfrey
Mallaber, Judy
Mann, John
Maples, Mr. John
Marris, Rob
Marsden, Mr. Gordon
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIntosh, Miss Anne
McIsaac, Shona
McKechin, Ann
McLoughlin, rh Mr. Patrick
McNulty, rh Mr. Tony
Mercer, Patrick
Merron, Gillian
Milburn, rh Mr. Alan
Miller, Andrew
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Moss, Mr. Malcolm
Mudie, Mr. George
Mullin, Mr. Chris
Mundell, David
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Murrison, Dr. Andrew
Naysmith, Dr. Doug
Neill, Robert
Newmark, Mr. Brooks
Norris, Dan
O'Brien, Mr. Mike
O'Brien, Mr. Stephen
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Mr. George
Osborne, Sandra
Palmer, Dr. Nick
Paterson, Mr. Owen
Pearson, Ian
Penrose, John
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prisk, Mr. Mark
Pritchard, Mark
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Randall, Mr. John
Raynsford, rh Mr. Nick
Redwood, rh Mr. John
Reed, Mr. Andy
Reed, Mr. Jamie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, John
Robertson, Mr. Laurence
Robinson, Mr. Geoffrey
Rosindell, Andrew
Roy, Lindsay
Ruane, Chris
Ruffley, Mr. David
Russell, Christine
Ryan, rh Joan
Salter, Martin
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simmonds, Mark
Simon, Mr. Siôn
Simpson, Alan
Simpson, Mr. Keith
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Snelgrove, Anne
Soames, Mr. Nicholas
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Streeter, Mr. Gary
Stuart, Ms Gisela
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tami, Mark
Tapsell, Sir Peter
Taylor, Ms Dari
Taylor, David
Taylor, Mr. Ian
Thornberry, Emily
Timms, rh Mr. Stephen
Timpson, Mr. Edward
Todd, Mr. Mark
Touhig, rh Mr. Don
Tredinnick, David
Truswell, Mr. Paul
Turner, Mr. Andrew
Twigg, Derek
Tyrie, Mr. Andrew
Ussher, Kitty
Vaizey, Mr. Edward
Vaz, rh Keith
Viggers, Sir Peter
Villiers, Mrs. Theresa
Vis, Dr. Rudi
Walker, Mr. Charles
Wallace, Mr. Ben
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watkinson, Angela
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Whittingdale, Mr. John
Wicks, rh Malcolm
Wiggin, Bill
Willetts, Mr. David
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilshire, Mr. David
Wilson, Mr. Rob
Winnick, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Jeremy
Wright, Dr. Tony
Wyatt, Derek
Young, rh Sir George

Tellers for the Noes:
Chris Mole and
Mr. Frank Roy

Question accordingly negatived.

It being more than three hours since the commencement of proceedings, the motion lapsed without Question put, pursuant to Standing Order No. 24.

Simon Hughes (North Southwark and Bermondsey) (LD): On a point of order, Madam Deputy Speaker. The whole House was grateful to Mr. Speaker for allowing the debate, but my colleagues and I have tried twice to get a vote on the substantive matters to do with the pre-Budget report, first by tabling a prayer against the proposals for the tax changes and secondly by seeking a vote on whether we have had enough time today to debate the pre-Budget report. Labour and the Conservatives voted together to prevent that vote. Will you advise the House—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. Will Members please come to order so that I can hear the hon. Gentleman's point of order?

Simon Hughes: Please will you advise the House on how we can have an opportunity, either today or at the first possible occasion when we come back, to vote on the substantive issues in the pre-Budget report? Some of us do not agree with them all and some of us want to be able to vote accordingly.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Further to that point of order, Madam Deputy Speaker. I hope, if possible, that when you answer that point of order you might correct something that the hon. Gentleman said. He said that that he and his colleagues voted to get more time on the motion, but in fact what they voted on was closing the debate ahead of time.

Madam Deputy Speaker: My best advice to the hon. Member for North Southwark and Bermondsey (Simon Hughes), who is an experienced Member of this House, is to go to the Table Office and have a word with the staff there.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(11) (European Committees),

Financial services

That this House takes note of European Union Document No. 12149/08 and Addenda 1 and 2, draft Directive on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS); No. 13713/08 and Addenda 1 and 2, Draft Directive amending Directives 2006/48/EC and 2006/49/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management; and No. 14317/08, Draft Directive amending Directive 94/19/EC on deposit guarantee schemes as regards coverage level and the payout delay; and endorses the Government's approach on all three draft Directives.—*[Helen Goodman.]*

Question agreed to.

BANKING BILL (PROGRAMME) (NO. 2)

Ordered,

That the Order of 14th October 2008 (Banking Bill (Programme)) be varied as follows:

1. Paragraphs 4 and 5 of the Order shall be omitted.

2. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings on the Motion for this Order.—*[Ian Pearson.]*

Orders of the Day

Banking Bill

As amended in the Public Bill Committee, considered.

4.44 pm

The Economic Secretary to the Treasury (Ian Pearson) *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. Will Members who do not wish to stay for the debate please leave the Chamber as quickly and quietly as possible?

New Clause 11

Special resolution regime: compensation: Sources of compensation

'(1) This section applies to—

(a) compensation scheme orders,

(b) resolution fund orders,

(c) third party compensation orders, and

(d) regulations under section 60.

(2) An order or regulations may provide for compensation or other payments to be made by—

(a) the Treasury,

(b) the Financial Services Compensation Scheme, subject to section 214B of the Financial Services and Markets Act 2000 (contribution to costs of special resolution regime - inserted by section 165 below), or

(c) any other specified person.'.—*[Ian Pearson.]*

Brought up, and read the First time.

Ian Pearson: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following: new clause 6—*Contingency funding: power to make regulations*—

'After section 214A of the Financial Services and Markets Act 2000 (Contingency funding - inserted by section 164 above) insert—

"214AA Contingency funding: power to make regulations

The Treasury may make regulations under section 214A only after it has laid before Parliament a report on the impact of a pre-funded scheme on the classes of person from whom contributions can be levied and whether contingency funding is the best way to achieve the special resolution regime objective set out in section 4 of the Banking Act 2008."'.

Government amendments Nos. 23 to 26.

Amendment No. 5, in page 86, line 7, leave out clause 164.

Amendment No. 17, in clause 164, page 86, line 24, at end insert—

'(da) arrangements for institutions that have permission under part 4 of the Financial Services and Markets Act 2000 to carry out the regulated activity of accepting deposits (within the meaning of section 22 of the Act, taken with Schedule 2 and by order under section 22) but are not incorporated in, or formed under the law of, any part of the United Kingdom;'.

Amendment No. 13, in clause 165, in page 87, line 12, after '(2)', insert 'Subject to subsection (2A),'.

Government amendments Nos. 41 and 42.

[Madam Deputy Speaker]

Amendment No. 14, line 18 , at end insert—

'(2A) Prior to requiring the scheme manager to contribute towards the exercise of the stabilisation powers, the Treasury may require—

(a) a private sector purchaser to make a contribution where the option under sections 11 or 12 has been exercised, or

(b) the bank liquidator to make payment where a bank insolvency order has been made, or

(c) the bank administrator to make a payment where a bank administration order has been made.'.

Government amendments Nos. 43 to 48.

Ian Pearson: This first group of new clauses and amendments covers a wide range of subjects. I propose, with your permission, Madam Deputy Speaker, to speak to the Government new clauses and amendments, and then to seek to catch your eye at a later point in the debate to respond to the amendments tabled by the hon. Member for Fareham (Mr. Hoban).

Let me start with Government new clause 11 and Government amendment No. 26, which is consequential on it. As was discussed in Committee, the Bill provides a number of ways for compensation to be calculated and paid to compensatable persons. As hon. Members will know, it allows the Treasury to make regulations to provide for no creditor being worse off following a partial transfer. The purpose of new clause 11 is to make explicit provision in the Bill for the Treasury, the Financial Services Compensation Scheme or other specified persons to pay or contribute to compensation payments under clauses 49 to 61.

Government amendment No. 26 is consequential on new clause 11. It removes the provisions in subsection (6)(c) and (d) from clause 60, as new clause 11 now supersedes them. In Committee, the hon. Member for South-West Hertfordshire (Mr. Gauke) tabled a probing amendment that questioned whether subsection (6)(c) and (d) appropriately placed in clause 60. New clause 11 sets out more clearly our intention to ensure that if needed the appropriate persons can pay or contribute towards compensation. These are sensible amendments that reflect the consensual debate that we had in Committee, and I hope that the House will support them.

Government amendments Nos. 23 to 25 amend clause 60, which, as hon. Members will know, puts in place a safeguard to protect creditors following a partial transfer, as it aims to ensure that they are no worse off than they would have been had the bank gone into a whole bank insolvency procedure. This is part of the package of safeguards on which the Government are consulting. The basic principle that will be implemented in the regulations to be made under the clause is that there should be a comparison of the treatment that creditors of a residual bank created by a partial property transfer receive in fact with the treatment that they would have received in the hypothetical circumstances of the whole bank entering an insolvency procedure. Should that process show that creditors have received less in fact than they would have done in the hypothetical circumstances, the difference is to be made up. As drafted, the hypothetical circumstances used in clause 60 for the purposes of comparison are those of the winding up of the bank. This is a reference to a particular form of insolvency procedure involving the appointment of a liquidator and the realisation of the bank's assets and their distribution to creditors.

The purpose of amendments Nos. 24 and 25 is to make a technical change to provide greater flexibility. The references to winding up will be replaced by references to a full range of different insolvency procedures, because a bank might end up in some form of insolvency procedure other than the bank insolvency procedure—for example, administration under the Insolvency Act 1986. The amendments aim to preserve the flexibility of the Treasury to select the most appropriate hypothetical circumstances for comparison in secondary legislation.

Amendment No. 23 is a technical correction to subsection (2) of clause 60, which relates to the insolvency procedure that the residual bank, rather than the hypothetical whole bank, is likely to enter. As a partial transfer is likely to render the residual bank insolvent, and as the residual bank may need to provide services and facilities to the transferee, this procedure is likely to be the bank administration procedure. Again, the amendment provides flexibility to select the most appropriate procedure. I hope that the House will agree to it.

I turn to Government amendments Nos. 41 to 48 to clause 165. The effect of these amendments is to require the Financial Services Compensation Scheme to be able to contribute up front to the costs of a resolution. Let me briefly set out how such an approach would work. The amendments to clause 165 will allow a "payments on account" approach to be adopted. That would allow the Treasury to impose a requirement early on, possibly immediately after use of the stabilisation powers, for the FSCS to contribute an amount to the resolution. That would be based on an estimate of the eventual payment under clause 165. The FSCS would be obliged to make the payment. Thereafter, there would be an evaluation exercise and an assessment of the final costs of resolution, with a balancing payment being payable either from the Treasury to the FSCS, or from the FSCS to the Treasury. Following the experience of recent resolutions, including the Bradford & Bingley case, it is important to have the flexibility to require the industry to contribute to the costs associated with resolutions before the end of the process. That flexibility could allow the FSCS to start paying, from day one, towards interest costs on any loans from the national loans fund in relation to a resolution. Paying up front could be preferable to leaving the cumulative interest costs to the end of the process.

I have mentioned the importance of having safeguards to protect the use of FSCS funds, and I should like to reassure hon. Members that current safeguards surrounding the use of such funds will still exist. The safeguarding principle that resolution costs should be capped at the level at which depositor compensation would have been payable had the bank entered insolvency proceedings will be retained, as will the safeguard that ensures independent auditing of the amount that the FSCS will have to contribute. The amendments provide useful flexibility to allow the FSCS to contribute up front, rather than only at the end of the process, while preserving important safeguards to protect the interests of levy payers. I hope that the House will support these amendments. As I have said, Madam Deputy Speaker, I should like to catch your eye later to reply to the hon. Member for Fareham's comments on his amendments.

Mr. Mark Hoban (Fareham) (Con): Let me deal first with the Government's new clause and amendments. I am sure that my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) will be heartened to hear that the Government took note of his comments, in Committee, about the appropriate place for the institutions that have been mentioned. We have no problem with that.

We would expect resolution regime costs to be paid up front, especially in the light of recent transactions in which the FSCS has taken part. The Minister will know that we are not as convinced as he is about the safeguards, and we will discuss the contribution that the FSCS has to make in such situations when we come to later amendments. On the concept of being able to meet up-front payments, we are content.

The new clause and amendments that I have tabled tackle three issues, the first of which is the pre-funding of the compensation scheme. We touched on this matter in Committee, and I want to revisit it today. The second issue—how to protect people who bank with branches of overseas banks—has caused a great deal of concern to constituents. The third issue is who should bear the costs of the special resolution regime. That has already been mentioned in relation to Government amendments Nos. 41 to 48.

Clause 164 gives the Treasury the power to make regulations for a pre-funded compensation scheme that could cover any part of the financial services sector, not just the banking sector. The argument in favour of pre-funding is that the FSCS needs to be pre-funded to ensure that there are sufficient resources to make a payout to the customers of a failed bank or other financial institution. Currently, the FSCS works on a post-funding basis. There is a levy on financial services businesses through industry groups. One such group, deposit takers, includes banks, building societies and credit unions. Once the levy payable by that group is exhausted, other financial services institutions outside that group will be required to make payments to the FSCS. The scheme is important, in that it has an impact not only on the sector concerned but on others as well.

When we debated these matters in Committee, the Minister would not be drawn on whether he thought it necessary to have a pre-funded scheme. He thought it appropriate for the powers to be available and for there to be further consultation and discussion on whether that was the right way to proceed. Not knowing whether this will be the next step forward will put the financial services sector in a difficult position, because it will not know what preparations it needs to make. However, the case for pre-funding was not made properly in Committee.

An argument for pre-funding can be made, and new clause 6, which requires a report to be laid before Parliament before the regulations are made, is a vehicle for making that case. Amendment No. 5, which I have tabled, would remove clause 164 from the Bill entirely. I would like to make it clear that I want to press that amendment to a vote at an appropriate point in our deliberations.

Mr. Mark Todd (South Derbyshire) (Lab): I am sure that the hon. Gentleman would agree that our debate in Committee focused on two issues: the principle of whether pre-funding was desirable and the mechanisms by which pre-funding might be achieved, bearing in mind the very different risk profiles of the various institutions that might be called on to contribute. For example, building societies have historically cleaned up their own difficulties in that sector, but they might be called on to contribute to institutions that have followed much higher risk profiles in business.

Mr. Hoban: The hon. Gentleman makes an important point. In the wider debate on the pre-funded scheme, the Building Societies Association has highlighted instances in which building societies might be called on to contribute to resolutions. It says that the building societies have swallowed their own smoke, to use a phrase beloved by the Minister in Committee, and that a requirement to contribute to a pre-funded scheme would reduce the money available to them to lend to their members, which would perhaps reduce their attractiveness. We need to think about who would contribute to the scheme and what the impact of that would be.

This is not just about building societies. Credit union could be placed in a difficult position, as they do not often have huge reserves, but, as deposit-taking institutions, they could be covered by the provisions. Such contributions would take money out of the credit union sector, when that money would be better employed being lent to people than being put into a pre-funded scheme.

The case has not been made for a pre-funded scheme, and there are strong arguments against introducing such a scheme. The first is that the important point is not whether the scheme is pre-funded but whether it has access to liquidity and resources to enable it to make payments to customers when a bank has defaulted. The second argument asks whether a pre-funded scheme would be the best use of assets. We have touched on that question in the context of building societies, but I want to make some broader points on that in a moment. Thirdly, while this debate has been primarily about pre-funding in the event of a bank failure, the powers in the clause could require other financial sectors to contribute to a pre-funded scheme to rescue a bank—or, indeed, any other financial institution.

The Bill makes provision for the scheme to access the national loans fund. This is what has happened in the context of Bradford & Bingley, where money has been borrowed from the Government to lend to Banco Santander to cover the deposits. Consumers are given confidence not because there is a pre-funded scheme or a pot of money already sitting there, but because a bank has access to resources that enable the Financial Services Compensation Scheme to make payments to customers in the event of a default. With a post-funded scheme, a reasonable amount of time would need to be allowed to recover the money from the bank, so as not to put undue strain on the balance sheets of banks, building societies and other deposit takers at a time when the whole financial system is under distress.

5 pm

Given the increasingly concentrated nature of the UK banking system, the pot of money that it would be necessary to build up against any failure would be quite significant. The position is very different from that in the US, which has a much more fragmented banking system. It also has the Federal Deposit Insurance Corporation and needs to have a pre-funded scheme, because the likelihood of a bank failing is much greater, given the sheer number of institutions involved.

A pre-funded scheme would be capital-intensive, and the second argument is that that money would be better used by a bank, building society or credit union, rather than being tied up in the Financial Services Compensation Scheme. Accumulating the fund could increase the pressure on bank capital and liquidity. There is also the possibility—at least we hope so—that once the scheme had been built up, it would never be used. We have gone through a period of extreme volatility and instability, and I am not sure of the value of having a significant sum sitting in the hands of the FSCS that might never be used. We do not expect another comparable period of financial instability, and there are better ways to use that money than having it tied up in that way.

The report envisaged in new clause 6 would be a good way to set out the arguments about a pre-funded scheme. Before the Government laid regulations in this area, the House would have to be persuaded that this is the right approach.

The third point is that the pre-funding debate encroaches on more than just the banking sector. The hon. Member for South Derbyshire (Mr. Todd) talked about building societies, and there are other categories of deposit-taking institutions, such as credit unions. There is also concern in other parts of the industry that they would have to pay the costs of mistakes in the banking sector. The Association of British Insurers has said:

> "We are concerned...that the present approach requires all sectors of financial services to contribute to the costs. This involves cross subsidy which imposes an unfair burden on the insurance industry, particularly in cases where, as in Bradford & Bingley, insurers have already made substantial contribution through the provision of additional capital by their investment arms."

Several insurers subscribed to the rights issue, and they would be doubly penalised if they lost that money and had to make an excess payment to the FSCS. The present arrangements mean insurers could end up paying twice.

A powerful case has been made that a pre-funded scheme is not the appropriate approach. There is another argument to be made, and we will come to that in the debate on the special resolution regime in the next group, but I shall flag it now briefly. For customers, the best deal is continuity of service. They want to be able to go into their bank and withdraw cash, or have their cheques cashed, use their debit cards and have their standing orders and direct debits honoured. They do not want to have to wait for five days, seven days, a month or however long it takes for the FSCS to send them their cheque. Continuity of service is a much better way to resolve the problem than dependence on a compensation scheme. If continuity of service were the priority for protecting depositors, we would not need a pre-funded scheme.

The argument for a pre-funded scheme has not yet been made strongly enough. The arguments against it are much stronger, which is why I have tabled new clause 5.

Amendment No. 17 is a probing amendment, and flags up a debate that we had in Committee, although it was truncated. It concerns the challenge posed under the passporting arrangements for financial institutions in the European economic area. That enables an institution regulated in one state to establish a branch in another. It is part of the liberalisation of financial markets in the EU. The home state acts as a prudential regulator, looking at capital and deposit protection, while the host state—the country in which the branch is established—looks after the conduct of business rules.

It was those rules that enabled the Icelandic bank Landsbanki to establish a branch trading as Icesave in London. Icesave was able to upstream some of the money attracted from UK depositors to Landsbanki in Iceland to reduce its dependence on funding from wholesale markets. Customers of Landsbanki would have realised that they were covered up to £50,000 under the deposit protection schemes in place when Landsbanki went into administration.

The first layer of the protection was under the Icelandic guarantee scheme, while the second layer was a top-up from the FSCS. However, as events have demonstrated, the first layer of support depends on the capitalisation of the bank and, in this instance, on the sovereign guarantee of the home country. In the absence of support from the Icelandic Government, the UK Government could have been on the hook for that first layer of protection.

That problem has been resolved by the IMF and UK loans to Iceland, but it illustrates the challenges that we face. As EU financial services markets are liberalised, customers are being put at risk because they depend on the home state for an element of consumer protection. I raised this matter in a debate on a European directive, when the Minister's predecessor, the present Secretary of State for Children, Schools and Families, was Economic Secretary. It was not adequately resolved then, and the Treasury and the FSA need to think very carefully about how we alert UK consumers to the risk that they face when they do business with a branch of an institution incorporated in another EEA member state. That is a lesson that we need to learn from the debates about Landsbanki and related matters.

I turn now to amendments Nos. 13 and 14 in this group. Clause 165, as drafted, sets out how the special resolution regime is to be paid for and provides for the FSCS to contribute to the cost of a resolution regime. Initially, that contribution will be made by the deposit-taking sector; when it exceeds the levy from that sector for a year, it will be picked up by other contributors to the scheme. The amendments would insert into the clause a recognition of what would happen ordinarily when a business is either acquired by a private sector company or goes into liquidation or administration.

Traditionally, the cost of a private sector acquisition is borne by both the vendor and the purchaser. For a company that goes into liquidation or administration, the costs of resolving the problem that I have described are borne by the shareholders and creditors. It is important that that is clear. Rather than it being discussed by way of a comment in Committee, or put in the code of practice, it should be in the Bill, so that people know fully who is expected to pay for the resolution regime.

Mr. Colin Breed (South-East Cornwall) (LD): May I say a few words about the compensation scheme? The essence of any such scheme is the confidence that the public can place in it. Whether we are talking about a pre-funded scheme, which is fairly unlikely to cover the whole amount that might well be necessary, or some other mechanism, depositors will need absolute confidence, first, that the money is there for them to have, and secondly, that they can get their hands on it fairly quickly. Even after Committee and our other debates, we have not yet quite got what the public would recognise as a clear compensation scheme in which they could have absolute confidence.

Some issues are still up in the air, such as pre-funding. There are issues about the way in which foreign banks with UK branches will form part of the scheme. There is also the question of an absolute assurance on whether different branded products are treated similarly. Even now, in the Bill's Report stage, I do not believe that the average member of the public clearly understands that they can have real confidence in the compensation scheme, as they understand it.

I suspect that there is a growing feeling among many members of the public that what happened was, in many respects, a debacle. They had to put their hand in their pocket to bail out the banks in whatever way, and given the cheap loans situation and everything else, they may well consider that any future compensation scheme should in some way be the responsibility of the banking industry. If such a scheme, however drawn up, is somehow dependent on the Government underpinning or guaranteeing it—of course, it is not the Government's money, but the taxpayers' money—I am not quite certain that members of the public will be thrilled to bits. They think that they have probably paid enough. They are looking to Government and Parliament to come up with a proper scheme in a new banking Bill to address those issues, so that they can have confidence in a compensation scheme, and their ability to access and understand it. They want to know that wherever they put their hard-earned cash, they can have confidence in a compensation scheme.

The various amendments put forward, both in Committee and today, are attempts to improve the situation, and in general I support them, but with regard to this important aspect of the Bill, I do not believe—we may speak about this later—that we have arrived at a situation in which there is that cast-iron confidence, knowledge and security that depositors require if they are to put their money back into institutions. In some respects, the Minister may agree that the measures are still a work in progress, particularly as regards pre-funding. I accept that there are improvements, and that we are getting closer to arriving at such a situation, but I still do not think that we are close enough.

Ian Pearson: Let me start by addressing new clause 6, tabled by the hon. Member for Fareham (Mr. Hoban), which would require the Treasury to lay a report before Parliament before bringing forward any regulations under section 214A of the Financial Services and Markets Act 2000 to introduce pre-funding. It is worth recalling that those regulations will be laid before Parliament in draft. They will need to be debated and approved under the affirmative procedure before they are made, so there will be ample opportunity for debate and parliamentary scrutiny—plenty of time for the Government to set out their thinking, and for Members of this House to challenge and question that reasoning. As I have said before, this is not a matter on which the Government would expect to have to act without prior consultation. Pre-funding is not an emergency action after the event—quite the reverse—so I expect that there would be plenty of material, including consultation documents, in the public domain before the regulations were laid, or before the report that new clause 6 proposes had been prepared. In short, I do not think that such a report would be of much use or assistance to hon. Members when they consider the draft regulations. I hope that I have made it clear that there would be extensive consultation beforehand, and I hope that the hon. Gentleman will not press his new clause any further. As well as requiring consideration of the impact on the levy payers who contribute to the contingency fund—as I said, that will be considered in any case through consultation and parliamentary scrutiny—the proposed measure would require the report to consider whether pre-funding was the best way to achieve the objectives of the special resolution regime. I do not see the connection between pre-funding and the achievement of those objectives.

5.15 pm

Pre-funding is about building up funds to meet the costs of contingencies that may, or may not, occur—we hope that they will not—and one of those contingencies requires the Financial Services Compensation Scheme to contribute to the costs of the use of tools in the special resolution régime. The choice of tools, and any decision about whether the scheme should contribute to the cost incurred, would need to be made in the light of circumstances. Decisions would then need to be made about the way in which any FSCS contribution was to be financed, so I do not know what a report prepared before pre-funding was introduced could usefully say about the hypothetical future use of the special resolution regime tools. The new clause is unnecessary, because there will be extensive consultation, and by referring to the special resolution regime objectives it does not help in any event.

Mr. Hoban: One of the objectives of that regime is the protection of depositors. In justifying any need for a pre-funding scheme, the report would have to address whether such a scheme would help to protect depositors. That is the link between what the report should set out and the regime's objectives.

Ian Pearson: I do not think that the hon. Gentleman's new clause makes that particularly clear. He is referring to the principle of pre-funding, which he addresses more directly in amendment No. 5, which would remove from the Bill the clause that amends the Financial Services and Markets Act to allow the introduction of pre-funding. Before dealing with the points that he has just made, may I stress again that the Government have absolutely no plans to introduce pre-funding for the FSCS at this time.

We can see, as can everyone, that it would not be right to impose additional financial burdens on banks and building societies at a time of great financial stress. However, there are important arguments in favour of pre-funding. Recent events have highlighted the way in which pre-funding could allow for spreading the costs of bank failure over a longer period of time, and reduce the extent to which firms have to contribute after such failure, when financial stress may be greater. Pre-funding can also mean that the failed firm will contribute to the costs of failure on the "polluter pays" principle, or, as I said before, according to the principle of companies consuming their own smoke. None of those are arguments for introducing pre-funding now, but when times get

[Ian Pearson]

better, we believe that it will be right to consider the case for it again. All that clause 164 does is to allow that to happen. There will be time for consultation and debate, and parliamentary approval will be required through the affirmative resolution procedure. The introduction of pre-funding will not be hidden away in any respect—quite the reverse, in fact, as we would want an open debate on the issue.

I am a bit disappointed that the hon. Gentleman has suggested that he wants to press his proposal to a Division before hearing the Government's response, but I suspect that this is quite a well-worn path that we have trodden in Committee. He needs to reflect on the comments made by the hon. Member for South-East Cornwall (Mr. Breed) and on how the general public will see the issue. To say, as a matter of principle, that the official Opposition are against pre-funding is tantamount in the public's eyes to saying, "Conservatives do not think that banks should pay up front in the event of a future bail-out." The hon. Member for Fareham argued in Committee that banks should pay after an event over a very long period on an interest-free basis.

Mr. Hoban: I did not say that.

Ian Pearson: I will check the record. The general public will not consider it unreasonable to take a power to allow banks to pay up front for the costs of dealing with potential future difficulties. They will think that that is the right thing to do.

The hon. Member for Fareham has sought to explain amendment No. 17, but I am not sure about its purpose. If I explain how the FSCS applies to foreign banks, it will answer some of his questions. First and simplest, if a foreign bank owns a subsidiary that operates as a bank in the UK, the subsidiary is a UK-authorised person with a FSMA part 4 permission to accept deposits. In other words, it is a UK bank, which means that the FSA regulates it, that it is a full member of the FSCS and that it pays FSCS levies exactly like other UK firms.

Secondly, if a bank incorporated outside the European economic area operates in the UK through a branch established here, it needs a FSMA part 4 permission to accept deposits like a UK bank. It must be a full member of the FSCS, and it must pay levies like UK firms, although that is, of course, calculated solely on the deposits held at the UK branch.

Thirdly, as is well known now, an EEA bank can operate through a branch here using a passport under the relevant EC directive issued by its home member state. Depositors are protected by the home state deposit guarantee scheme, and the bank may also join the FSCS top-up arrangements, provided that the FSCS offers better protection to depositors than the home state scheme. If it joins the FSCS top-up arrangements, it must pay an appropriate contribution to any levies. Foreign banks are already required to make appropriate contributions to any FSCS levies that apply to the relevant class of firm.

If pre-funding were introduced, foreign banks operating here through branches would have to make an appropriate contribution to levies to build up a contingency fund, which could be used to meet the compensation costs of the FSCS arising from the default of such a bank. In the Government's view, there is no need to include any additional provision in the Bill along the lines proposed by the hon. Member for Fareham to make that happen. I hope that he agrees with that point on reflection and will not press his amendment.

Mr. Hoban: Does the Minister take on board my wider point that depositors with those branches depend in part on the guarantee given by the home state of the branch? They may not be aware of that issue, although they should be aware of it now. How can we ensure that depositors are aware of that risk in judging whether to place deposits with such banks?

Ian Pearson: I fully understand the hon. Gentleman's wider point. He is suggesting that some depositors might have put their money in a branch of an Icelandic bank, for example, without actually knowing how that savings account was regulated. I agree with the hon. Gentleman that there is a clear need to make sure that branches of banks owned outside the United Kingdom make the basis on which they are regulated clear.

Mr. Todd: On that point, it was established in Committee that in all cases of deposits, we need absolute clarity about the precise protections. That example is a good one, but there are many others in which customers may not be entirely clear about how the deposits are protected and what risks they may bear in depositing with a particular institution. I am aware that the FSA is consulting on many of those aspects, but Members would welcome an update on its progress.

Ian Pearson: My hon. Friend is exactly right that the FSA is consulting on many of the relevant issues, but it is not currently possible to say what the outcome will be. There is a clear policy issue and a clear public interest in ensuring that the basis on which people put their money into banks, and the guarantees that underpin them, are clearly understood and communicated, and we want to ensure that that is sorted out.

The hon. Member for Fareham raised in Committee the matter relating to amendments Nos. 13 and 14, and I have set out before the reasons why it is important that the FSCS contributes to the costs of the special resolution regime, so I shall not repeat them in detail here. From what the hon. Gentleman said, I understand that his concern is to ensure that other persons, particularly a private sector purchaser or the insolvent estate, contribute to the costs of a resolution before the FSCS is called upon, and his amendments seek to achieve that.

Let me set out why I have sympathy with the general principle but do not agree with his amendment. As I said in Committee, I agree that in some circumstances, a private sector purchaser should be called upon to contribute towards resolution costs. However, there are also certain circumstances in which it would not be appropriate for them to be required to do so. For example, there may be administrative costs or additional compensation costs that a private sector purchaser would not be willing to pay, and any requirement that they do so might reduce the likelihood of a successful private sector solution, therefore I do not believe that, in all cases, the private sector purchaser should pay resolution costs before the FSCS or the authorities.

I have significant concerns about imposing the proposal that the insolvent estate fund resolution costs before any call upon the FSCS is made. Taking money out of the estate to fund resolution actions would lead to a smaller pot of money from which creditors and others would benefit. We wish to avoid that situation, as demonstrated by the "no creditor worse off" safeguard, and by objective 5 of the special resolution regime which emphasises the importance of minimising interference with property rights. In the case of one of the more likely resolution actions, a deposit book transfer, funding the resolution out of the insolvent estate might result in a de facto depositor preference regime, which the Government have sought to avoid, with the support of banks and investors in banks.

Of course, the cap will ensure that any recoveries that the FSCS could have secured from the insolvent estate had it paid out in the normal way will be taken into account. The FSCS will not be required to pay more than it would have paid under a normal payout. Although the private sector purchaser may be called upon to contribute in some circumstances, I hope that I have explained why I do not think that they should be the first port of call in all circumstances, and why there are also risks with requiring the insolvent estate always to be called upon before the FSCS.

Mr. Hoban: Amendment No. 14 reflects that point by stating "may require" rather than "must". Nevertheless, it is important that, on Report, the Economic Secretary has put on the record the principle that, where appropriate, either the private sector purchaser or, in some cases, the insolvent estate, may be required to make some contribution.

5.30 pm

Ian Pearson: I entirely agree with the intention to protect the use of FSCS funds, and that intention is behind some of the amendments tabled by the hon. Member for Fareham (Mr. Hoban). I hope that my comments today have been helpful for those who observe these things closely.

We have included a number of safeguards over the use of such moneys, including, as I have mentioned, a cap and the independent verification of any resolution costs. However, the hon. Gentleman's amendments are not the right way to proceed to protect the use of such funds. I sense that he does not want to push this group of amendments to a Division, although, as he said earlier, he may want to push the principle of excluding from the Bill a power to establish pre-funding. That would be a serious mistake, but if he wants to vote on it, so be it.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 12

SPECIAL RESOLUTION REGIME: CONTINUITY OBLIGATIONS: ONWARD PROPERTY TRANSFERS

'(1) In this section—

(a) "onward transfer" means a transfer of property, rights or liabilities (whether or not under a power in this Part) from—

(i) a person who is a transferee under a property transfer instrument under section 12(2) (an "original transferee"), or

(ii) a bank, securities issued by which were earlier transferred by a share transfer order under section 13(2), and

(b) the person to whom the onward transfer is made is referred to as an "onward transferee".

(2) The continuity authority may—

(a) provide for an obligation under section 62 to apply in respect of an onward transferee;

(b) extend section 63 so as to permit action to be taken under section 63(2) for the purpose of enabling an onward transferee to operate transferred business, or part of it, effectively.

(3) "The continuity authority" means—

(a) the Bank of England, where subsection (1)(a)(i) applies, and

(b) the Treasury, where subsection (1)(a)(ii) applies.

(4) Subsection (2) may be relied on to impose obligations on—

(a) an original transferee (where the original transfer was a property transfer),

(b) a residual bank within the meaning of section 62 (where the original transfer was a property transfer),

(c) the bank (where the original transfer was a share transfer),

(d) anything which is or was a group undertaking (within the meaning of section 1161(5) of the Companies Act 2006) of anything within paragraphs (a) to (c), or

(e) any combination.

(5) Subsection (2) may be used to impose obligations—

(a) in addition to obligations under or by virtue of section 62 or 63, or

(b) replacing obligations under or by virtue of either of those sections to a specified extent.

(6) A power under subsection (2) is exerciseable by giving a notice to each person—

(a) on whom a continuity obligation is to be imposed under the power, or

(b) who is expected to benefit from a continuity obligation under the power.

(7) Sections 62(3) to (7) and 63(3) and (4) apply to an obligation as applied under subsection (2)—

(a) construing "transferred business" as the business transferred by means of the onward transfer, and

(b) with any other necessary modification.

(8) The Bank of England may act under or by virtue of subsection (2) only with the consent of the Treasury.'.—*[Ian Pearson.]*

Brought up, and read the First time.

Ian Pearson: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following: Government new clause 13—*Special resolution regime: Continuity obligations: onward share transfers.*

New clause 8—*Order of consideration of stabilisation options—*

'The stabilisation options in sections 11, 12, and 13 must be considered in the order set out above.'.

New clause 9—*Financial Services Compensation Scheme—*

'(1) The scheme manager must decide, once a stabilisation power has been exercised, how to achieve Objective 3 of the special resolution regime through—

(a) the transfer of a relevant account to another financial institution, or

(b) making a payment to relevant depositors.

[Madam Deputy Speaker]

(2) Subsection (1)(a) takes precedence over subsection (1)(b).

(3) Prior to making its decision the scheme manager must consult—

(a) the Treasury,

(b) the Bank of England, and

(c) the FSA.'.

New clause 10—*Report on exercise of stabilisation powers*—

'(1) On the exercise of stabilisation powers, the Treasury must lay before Parliament a report setting out—

(a) the reason for the exercise by the FSA of its powers under section 7, and

(b) how the Treasury of the Bank of England then exercised their stabilisation powers to achieve the special resolution regime objectives.

(2) Where the Treasury believes the disclosure of certain information in the report in subsection (1) would adversely affect achieving the special resolution regime objectives, that information may be withheld from publication for up to six months from the date on which the stabilisation powers were exercised, but must be published at the expiration of that period.'.

No. 74, in clause 5, page 3, line 34, at end insert—

'(aa) how the interests of creditors will be taken into account in the use of the options set out in subsection (1),'.

No. 9, page 4, line 3, at end insert ', and

(g) on the criteria by which the FSA will judge breach of threshold conditions.'.

No. 8, in clause 7, page 4, line 27, leave out from 'conditions' to end of line 28 and insert

'(within the meaning of paragraph 4 of Schedule 6 to the Financial Services and Markets Act 2000 (threshold conditions: adequate resources)).'.

No. 12, page 4, line 32, at end insert—

'(3A) Condition 3 is that the FSA has consulted—

(a) the Bank of England to ensure that it will be able to exercise a stabilisation power under section 8, or

(b) the Treasury to ensure that it will be able to exercise its powers under section 9.'.

No. 10, in clause 12, page 6, line 36, leave out paragraph (a).

No. 11, page 7, line 15, at end insert—

'(6) The primary objective of a bridge bank shall be to facilitate the sale of a bank - in whole or in part - to one or more private sector purchasers, but if that is not feasible the bridge bank must be either—

(a) wound up in a manner that meets the special resolution regime objectives and is in the interests of the remaining creditors, or

(b) taken into temporary public ownership.'.

Government amendments Nos. 27 to 37.

Ian Pearson: As with the previous group, I should like to begin my remarks by addressing the Government new clauses and amendments. I shall speak at a later date about the other amendments moved in the names of members of the Opposition.

I noted in Committee that the Government would introduce technical amendments to the continuity obligations provisions. A general continuity obligation arises automatically following a transfer, by the operation of law under the provisions of clauses 62 and 64. The intention is that that general obligation would be replaced with a special obligation as soon as the authorities could determine the specific and precise nature of the required service or facility. For example, in the case of a property transfer, the special obligation power gives the authorities powers to create, modify or cancel contracts between a transferee and the group companies of a residual bank and the residual bank itself—but only in relation to services and facilities required to operate the banking business effectively.

New clauses 12 and 13 allow the continuity obligations, both general and specific, to be extended following an onward transfer. The clauses aim to provide the maximum level of flexibility so that, for example, a continuity obligation may be owed to both an initial transferee and an onward transferee. That may be necessary if only part of a bank is sold in an onward transfer. Of course, the requirement for a reasonable consideration to be paid for services still stands.

Government amendment No. 37 is consequential to new clauses 12 and 13. Amendments Nos. 27 to 36 do three things. First, they clarify that continuity obligations apply in the case of multiple initial transferees. For example, if part of a bank is sold to a private sector purchaser and the remainder is transferred to a bridge bank, former group companies may need to provide services to both transferees. Secondly, the amendments make a minor technical correction to ensure that continuity obligations can apply to group undertakings other than companies. That is a technical point, as the legal definitions of the terms "undertaking" and "company" differ slightly. Finally, they require Treasury consent for the Bank of England to exercise the power to modify the general continuity obligation under clause 64 for a share transfer to a commercial purchaser. That was an unintended omission, and the amendment brings clause 64 into line with all the other continuity obligation provisions.

I want to say a short word about an announcement made in the pre-Budget report in relation to groups, as I signalled in Committee. The Government intend to introduce amendments in another place to increase the Bill's effectiveness in allowing the authorities to deal with risks to financial stability. The Government propose to extend the Treasury's power to take a failing bank into temporary public ownership—where it would be in the interests of financial stability or the protection of public funds—to include banking group holding companies. That power would be used in cases where the resolution of a deposit taker in isolation would not be sufficient to prevent a serious risk to financial stability, public funds or both. Stakeholders understand that it is important that the authorities are in a position to resolve banking groups, be they large or small, and we will be working with them as we develop the necessary changes to the Bill.

I have spoken to the Government new clauses and amendments, and I will seek to catch your eye later, Mr. Deputy Speaker, to respond to amendments in the names of other hon. Members. I will give them the opportunity to speak to them first before passing my comments on them.

Mr. Hoban: I shall deal first with the new clauses and amendments proposed by the Economic Secretary. He is right to identify the importance of the continuity of services and facilities in the Bill, which goes back to comments made on the last group of amendments that one of the ways in which we can best achieve financial stability is through that continuity of service. If we can make sure that that happens, it will give consumers far greater protection than almost anything else we can do. The fact that they are aware that their bank is open for business the next day, even if it is rebranded, renamed or whatever, will provide more reassurance than payments made through a deposit guarantee scheme. We will return to that point later in this group of amendments.

It is important for the Economic Secretary to deal with the following point. I do not know whether it should be covered in the code of practice or in a debate on this matter in the other place, but I assumed that the services that the Economic Secretary referred to when talking about continuity included things such as IT contracts, provision of equipment, payroll, facilities management for branches of banks and so on. The sort of things that make a branch of a bank function do not concern the transfer of the building but the services that go on there. It is important that those who supply such services to banks understand that they could be required to do so, and if they do not understand that, they need to, because it will make the regime work in practice.

The Economic Secretary also talked about the amendments that will be introduced in the other place dealing with holding companies, and I understand that discussions have started with stakeholders on those. We would want to look carefully at how the detail works, because in some cases the holding companies are not just of banks, but of other financial institutions. We need to understand how that process works. The Bill is primarily about banks rather than the broader financial services sector.

Turning to the new clauses and amendments in my name, I shall speak to new clause 8 and amendments Nos. 10 and 11 together. Three stabilisation options are set out in clauses 11, 12 and 13. They are private sector purchase, a bridge bank and public ownership. The challenge for people in considering those options is that the first and the third, as set out in clauses 11 and 13, are familiar concepts. As a consequence of what has happened in the past 18 months, we know what temporary public ownership is, and we know what happens when there is a private sector sale. The new facility or provision is the bridge bank. I felt that it was important, through amendment No. 11, to include in the Bill what the objective of the bridge bank was, moving it up from the code of practice. It should be clear what we seek to achieve by invoking that stabilisation option.

It is important that the Bill makes it clear that there is an order of precedence or priority. When the authorities look at how to rescue a failing institution, their first reaction, as it was with Northern Rock last year, is to find a private sector solution. A private sector solution is much cleaner than the second and third options and will largely keep creditor rights in place, with fewer issues arising to do with competition, arm's length management and so on. Although a private sector solution is a much cleaner outcome, it may not always be the best outcome, which is why it is right that other options should be in place. However, we know from the debate in Committee on partial transfers that bridge banks can disrupt the usual rights of creditors, which is not the case for the private sector solution. Furthermore, competition and management issues arise when banks are subject to either a bridge bank or temporary public ownership.

We debated in Committee, on the one hand, how a bridge bank could be managed to maintain the value of its franchise and improve its value to a private sector purchaser—that is one of the objectives of a bridge bank—and, on the other hand, ensuring that constraints are in place to prevent its form of ownership at that point from being a competitive advantage against other banks. The Minister said in Committee that he would expect a bridge bank to be able to take on new business, but that it would not be intended to

"compete aggressively in the marketplace."—[*Official Report, Banking Public Bill Committee,* 6 November 2008; c. 368.]

A private sector solution makes it much easier to avoid that conflict. That is why we would prefer, as it were, an order of precedence in the Bill.

Stewart Hosie (Dundee, East) (SNP): I understand why the hon. Gentleman wants an order of precedence. On balance I am broadly supportive, but I have a question. If the situation is critical and speed is of the essence to prevent an institution from causing a systemic failure, is it absolutely necessary or even desirable to lay out the order of precedence in the way that he describes, especially given how long the discussions with various private sector bidders for Northern Rock took? Should the order of precedence not be implicit rather than explicit, thus allowing the Government to move immediately to the second or third option, thereby treating them as the first option, if that is necessary under the circumstances?

Mr. Hoban: The hon. Gentleman makes a valid point. The search for a potential private sector solution to Northern Rock was a long and drawn-out process, and the Government reached their conclusions on the success of that. I am not saying that rescuing a failed bank means hawking it round the market in its entirety, in the way that Northern Rock perhaps was, because that could be detrimental to any solution. I am just saying that we should ask whether there is a private sector solution, rather than instinctively saying, "Let's bung it in a bridge bank," or, "Let's put it into temporary public ownership."

We are trying to ensure that the private sector solution is there in the authorities' thought processes when they look at a failed institution, given that it is potentially the best solution. If that was not feasible in the time scale, it would be right to look at other options. When the Executive took over Bradford & Bingley, they thought that it was possible to transfer the business bit very quickly, through a private sector solution, and we are now left with a so-called bad bank and its mortgage loan book.

Mr. Breed: I broadly support the hon. Gentleman's view, but I have some reservations about the timing. However, we are not precluding a private sale if an institution has gone into a bridge bank or even if it has come under temporary ownership. If at a slightly later stage somebody comes out of the woodwork with a private sector solution, they will not be precluded from taking it forward. In other words, going through the other two processes does not mean that we have dismissed the first.

Mr. Hoban: That is absolutely right. It might be possible to hold a bank in its entirety in the bridge bank mechanism, with a view to managing it to be sold as a whole bank. There is no sense that considering one

[Mr. Hoban]

option excludes another. I will not ask to put our amendments to the vote; rather, they are intended to probe the Government's thought processes and clarify how they would address the various solutions, given the complexities that are attached to the bridge bank and temporary public ownership.

New clause 9 deals with an issue that we touched on earlier—how to protect depositors in the event of a bank failure. There are gaps in the Bill. First, it is not clear who decides whether payment should be made to consumers or the account should be transferred, as in the case of the Bradford & Bingley, into another bank. New clause 9 was tabled to probe that issue. I have suggested that the FSCS, having consulted the other authorities, should make that decision. I am not sure that the Bill as drafted tells us who should make that decision or what the decision-making process should be. The new clause helps to flush out that issue.

5.45 pm

For depositors, I believe that the best solution in principle is the ability to go to another bank the next day to withdraw funds. If we want to protect depositors, we should make it clear that the best way of doing that is by providing that continuity of service—the Minister's first point when he moved the Government amendments. The sub-optimal solution, but it may be a necessary solution, is payment through the FSCS. As demonstrated with the Icelandic banks when deposits were moved to ING Direct, that was a much better process. It was preferable to dependence on the FSCS for people in Icesave, parts of Kaupthing Singer & Friedlander and Heritable or others that ING Direct did not wish to acquire. We need to signal that, wherever possible, a straight transfer to another bank is the preferred solution. That will give customers the most satisfaction and the most confidence in the banking system. It also somewhat removes the need for a pre-funded scheme, but that is a debate and vote for later. There are many ways to approach the issue.

New clause 10 deals with the publicity that should be given when the stabilisation powers have been exercised. One challenge that arises from the Bill is that it will give the authorities some quite significant powers, but there is a lack of transparency about how they will be used. The code of practice gives some guidance about their use, but in reality, the proof of the pudding will be in the eating. Only when we have seen the powers exercised will we know the constraints within which the authorities are working or the relevant thought processes. People will learn from those precedents how the powers will be used in future.

New clause 10 has various elements. The FSA needs to show how it believes that the threshold conditions have been breached, which will then trigger the stabilisation powers, and it will then be for the Treasury and the Bank of England to explain why they used those particular powers in the way that they did. We debated publication in Committee. I am mindful of the risk that confidential information is relevant, which might in itself pose a threat to financial stability. It is important that information released initially should not be prejudicial to financial stability, but it can be published at a later stage. It is important that the audit trail is made available. The process of publication is dealt with in the code of practice, but the code is non-binding and does not have legal status. It is an important issue, so ensuring that there is proper disclosure of how and why the powers have been used should be built directly into the Bill.

Amendment No. 74 relates to one of the issues on which we have engaged in a certain amount of debate: how the interests of creditors will be taken into account. The Bill contains some safeguards. The Minister said earlier that no creditor would be worse off, although compensation would depend on the way in which the powers had been exercised. Despite that, however, there are still concerns about the impact of the powers on the rights of creditors, and about how the Government will look at those rights when considering which powers to exercise. It would be helpful if the code of practice included a requirement for the issue to be properly discussed. In Committee we tried to amend the objectives to take account of the rights of creditors, but I think that there is a different way of trying to ensure that that happens.

Amendment No. 9 and the amendments that follow it relate to the exercise of the threshold conditions. In Committee, we debated the threshold conditions set out in FSMA. They are fairly broad, and not very tightly focused. In amendment No. 8, I suggest that we focus particularly on the part of FSMA that relates to adequate resources, because that is the issue that seems to have aroused the most concern in the context of Bradford & Bingley and the Icelandic banks. We need to know exactly what the FSA is looking at. Amendment No. 9 is complementary to amendment No. 8: it asks the FSA to publish guidance on what it would consider to be a breach of threshold conditions.

I am aware that we are not discussing a straightforward quantitative exercise. There will not be red lights for various ratios; there will be a combination of qualitative and quantitative assessment. However, I feel that we need some guidance from the FSA, and that it should be contained in the code of practice, which is the text from which people will work when examining the way in which the powers in the Bill will be used and what the constraints are. I am keen to ensure that the guidance covers the exercise of those threshold powers

In Committee, we debated the process whereby the FSA would consider whether the Treasury conditions had been breached, following which the Treasury and the Bank of England would have to consider how to use their stabilisation powers under clauses 8 and 9. There appears to be a slight disconnect in the Bill: there is no guarantee that identification of a breach of threshold conditions by the FSA would lead to the exercising of the stabilisation powers of either the Treasury or the Bank. It is plain to me that the process is ongoing and not linear. Amendment No. 12 makes it clear that before exercising its trigger powers, the FSA must have confirmed, in consultation with the Bank and the Treasury, that action will be taken to rescue a failing bank.

Ian Pearson: In new clause 8, the hon. Member for Fareham (Mr. Hoban) seeks to establish a statutory basis for the order in which the authorities must consider the stabilisation options of the special resolution regime. The Government consider it appropriate for a range of options to be available for the resolution of the problems of failing banks. Banks may fail for a number of reasons in many different circumstances, and the optimal solution may be different in each case.

Of course, resolution by way of the transfer of a failing bank to a private sector purchaser will generally be the authorities' favoured option, but I have emphasised during our debates that the choice of stabilisation option will be determined by an assessment of the special resolution objectives. We do not agree with the principle of ordering the stabilisation options. Forcing the order to be followed under primary legislation could delay or harm the chances of a successful resolution, and could constrain the flexibility with which the SRR tools can be applied in accordance with the individual demands of particular circumstances.

The Government have already made it clear that temporary public ownership is an option of last resort. That is demonstrated by the test for intervention in clause 9, which we discussed extensively in Committee, so it is unnecessary to describe this further in the Bill. I also remind the hon. Member for Fareham that the draft code of practice makes provision on how the authorities will select which tool to use, so I hope that this provides a clear indication of how the authorities will consider the relative merits of each stabilisation option.

On new clause 9, I do not agree that the Financial Services Compensation Scheme should have control over the onwards management of a bank once the stabilisation powers have been exercised. First, once the bank or banking business has been transferred, it will be controlled by another party. Secondly, it would be inconsistent for the FSCS to decide how depositors should be protected in such circumstances, as that would impact on how the bank or banking business should be controlled. The FSCS has an operational role in paying out compensation, but it is not a strategic decision maker in the context of the SRR. I also do not agree with the prioritisation of the objective to protect depositors—objective 3—to the exclusion of the other objectives in this proposed new clause. Objective 3 must be considered alongside these objectives, but not to the exclusion of them.

Mr. Hoban: Who will decide how to deal with the depositors in a failed bank? In the Bradford & Bingley case, it was decided that the best solution was to transfer them across to Banco Santander/Abbey. In the Icelandic banks situation, some depositors were transferred across to ING Direct, and others were effectively left with the FSCS. Part of the point of the amendment was to flush out who took responsibility for taking those decisions.

Ian Pearson: We explained at length in Committee how the system works in terms of the responsibilities of the authorities in the tripartite arrangement. The FSA takes lead responsibility in determining whether the threshold conditions have been met, and the Bank of England is the lead authority in determining which of the stabilisation options should be pursued. We believe that this is a clear mechanism, and that it is right that the Bank of England should have the lead responsibility in this area. In such circumstances, the tripartite authorities will work together extremely closely, and the Bank of England will consult the FSA and the Treasury on the exercise of the stabilisation options.

Mr. Hoban: To be absolutely clear, is the Minister saying that the Bank of England takes the lead in deciding whether the account should be transferred to another bank or should be subject to the FSCS compensation arrangements?

Ian Pearson: Certainly that is my understanding of how the arrangement would work in normal circumstances, and if there is any further clarification to be made, I will be happy to give it.

I would like to reassure the hon. Gentleman that the FSCS will be party to decisions over the choice of SRR tools. For example, the code of practice states that the likely speed of payout regarding eligible depositors should be a factor in determining which SRR tool should be used. This will, of course, be based on the view of the FSCS. The section in the draft code of practice on the roles of the authorities also includes text on the FSCS role within the SRR. I hope that that provides reassurance.

New clause 10 would require the Treasury to provide Parliament with a report containing details of the exercise of stabilisation powers under part 1 of the Bill. I do not believe that a general clause requiring a report to Parliament on the exercise of the powers is necessary. In each of the recent resolutions, the Chancellor has made a statement on the exercise of such powers and there has been sufficient debate on that. Of course, Parliament can call a debate on any resolution at any time it wishes. Should the Treasury exercise a stabilisation power in transferring a bank into temporary public ownership, the Bill requires that decision to be made through an order laid before Parliament. Where the Bank of England takes the lead in exercising stabilisation powers through a transfer instrument, rather than a transfer order, the Bill requires it to publicise that.

6 pm

Furthermore, following any exercise of the stabilisation options, the draft code of practice, to which the authorities must have regard, states that the authorities must make public statements explaining how they have acted with regard to the special resolution regime objectives and how they have balanced the objectives against each other. There is sufficient information about, and openness in, how the Government are proceeding on these matters.

Amendment No. 74 would allow the code of practice to specify how the interests of creditors will be taken into account in the use of the stabilisation powers, the bank insolvency procedure and the bank administration procedure, but it is inappropriate. Objective 5 is declaratory of our obligations to ensure that any interference with property rights, including those of the failing bank and its creditors, must be both in the public interest and proportionate. The code of practice elaborates on the meaning of this effect of this objective. A number of specific features of the SRR spell out in primary legislation the protection that should be afforded to non-depositor creditors during the use of the stabilisation powers, such as the partial transfer safeguards, as set out in clause 48, and the compensation provisions in clauses 59 and 60—we are all familiar with those. I believe the provisions in the Bill and the sections in the code in respect of how objective 5 will be met already meet the intention behind the amendment.

Amendment No. 9 appears to be intended to require that the code include provision on how the FSA will determine whether the threshold conditions are met, and again I do not agree with the intention behind it. The threshold conditions are regulatory conditions under the Financial Services and Markets Act 2000. Further guidance on what is necessary to comply with the conditions is set out in the FSA handbook. I think it is right that the FSA handbook, rather than the code, provides further guidance on this matter, as it is ultimately a regulatory decision.

Amendment No. 8 follows on from the Committee's debate on which of the threshold conditions the FSA will consider in making its determination on whether the general conditions in clause 7 have been met. My understanding of the purpose of the amendment is that it is not only to seek further clarification, but to limit the FSA's judgment as to whether a bank is failing to being a judgment only on whether it has adequate resources. I accept that this is the most relevant of the threshold conditions that appear in the FSA handbook, but I do not believe that clause 7 should be limited in such a way. However a bank fails or becomes likely to fail, the objectives of protecting confidence in the banking system, protecting financial stability and protecting depositors will remain equally important. For example, the authorities may need to take actions under the SRR following the discovery of a fraud or a sudden crisis of confidence in the suitability of a bank's management. Although many serious problems that could lead to a bank failure will correlate with difficulties in its having adequate resources, I am not convinced that all the problems will.

The threshold conditions are the tests governing whether the FSA will allow a bank to operate as a deposit taker, and therefore it is right that these conditions are used in the Banking Bill as the gateway measure between regulation intervention and the use of the SRR tools.

Mr. Hoban: The Minister cites fraud as an example of an area where the threshold conditions could be breached and the FSA could intervene. The threshold conditions are designed to determine whether businesses should become regulated. If he is trying to broaden out the basis on which the FSA should intervene beyond the threshold conditions in the legislation, the Government need to be much clearer about that than they are being in the Bill's drafting. Is he making an argument that the potential triggers could go beyond the conditions that a bank has to satisfy to be regulated?

Ian Pearson: We have always been clear, throughout the various stages of the Bill, about what the threshold conditions are. The problem that I have with the hon. Gentleman's amendment is that limiting the definition to "adequate resources" is too narrow and does not take other circumstances into account. That is why I shall invite hon. Members to oppose the amendment.

We had a debate in Committee about the FSA handbook. The hon. Member for Fareham rightly pointed out some of the areas of that handbook that, in his view, would need amending. As I said in Committee, the FSA is considering whether to update the handbook, and in particular the section on threshold conditions, to clarify how its judgment of clause 7 will be met. I believe that the handbook is the right place to set out which of the threshold conditions the FSA will pay particular attention to when making its judgment.

Amendment No. 12 would require the FSA to consult the Bank of England or the Treasury to ensure that they can use a stabilisation power under the Bill before it confirms that the general conditions are met and that those powers can therefore be used. In our view, there is already sufficient provision in the Bill to ensure full consultation between the authorities about each of the key decisions before and during the SRR, including about whether the general conditions under clause 7 are met. Clause 7(5) in particular requires the FSA to consult the Bank of England and the Treasury. It seems unnecessary to impose an additional requirement to consult the Bank and Treasury on that specific issue through the amendment.

Amendments Nos. 10 and 11 propose that the primary objective of a bridge bank should be set out in the Bill. The primary objective that the hon. Gentleman cites is taken from the draft code of practice published by the Treasury earlier this month. I welcome his support for the text, but I am afraid that I cannot agree with the amendment.

The special resolution objectives, as provided for by clause 4, are the primary guide for how the authorities should act when using the tools and powers of the SRR. These special resolution objectives are set out in primary legislation and that is right because they are intended to cover the entirety of part 1 of the Bill. The bridge bank objective, on the other hand, relates to just one particular stabilisation option. I do not think it is appropriate to place a specific bridge bank objective on a similar statutory standing to the special resolution objectives, because that does not provide a clear sense of purpose. For example, it would not be clear whether the bridge bank objectives were intended to be subservient to the special resolution objectives.

Finally, clause 4 provides that the authorities should have regard to the code. In addition, the draft code provides that once actions have been taken under the SRR the authorities should make public statements explaining how they have acted. The statements will make it clear how the special resolution objectives have been balanced against each other and on what basis decisions regarding the use of stabilisation options have been made. I hope that my speech adequately addresses the various amendments tabled by the hon. Gentleman, and as I have given him some assurances on the public record I hope that he will not press them to a Division.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 13

SPECIAL RESOLUTION REGIME: CONTINUITY OBLIGATIONS: ONWARD SHARE TRANSFERS

'(1) In this section "onward transfer" means a transfer (whether or not under a power in this Part) of securities issued by a bank where—

(a) securities issued by the bank were earlier transferred by share transfer order under section 13(2), or

(b) the bank was the transferee under a property transfer instrument under section 12(2).

(2) The continuity authority may—

(a) provide for an obligation under section 64 to apply in respect of the bank after the onward transfer;

(b) extend section 65 so as to permit action to be taken under section 65(2) to enable the bank to operate effectively after the onward transfer.

(3) In this section "continuity authority" has the same meaning as in sections 64 and 65.

(4) Subsection (2) may be relied on to impose obligations on—

(a) the bank,

(b) anything which is or was a group undertaking (within the meaning of section 1161(5) of the Companies Act 2006) of the bank,

(c) anything which is or was a group undertaking of the residual bank (in a case to which subsection (1)(b) applies), or

(d) any combination.

(5) Subsection (2) may be used to impose obligations—

(a) in addition to obligations under or by virtue of section 64 or 65, or

(b) replacing obligations under or by virtue of either of those sections to a specified extent.

(6) A power under subsection (2) is exerciseable by giving a notice to each person—

(a) on whom a continuity obligation is to be imposed under the power, or

(b) who is expected to benefit from a continuity obligation under the power.

(7) Sections 64(3) to (7) and 65(3) and (4) apply to an obligation as applied under subsection (2) with any necessary modification.

(8) The Bank of England may act under or by virtue of subsection (2) only with the consent of the Treasury.'.—*[Ian Pearson.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

REMUNERATION OF SENIOR STAFF OF RESCUED BANKS

'(1) This section applies in respect of any institution (a "rescued bank") taking part in the bank recapitalistion fund ("the fund") announced by the Chancellor of the Exchequer on 8th October 2008.

(2) The Treasury must make regulations about the remuneration of senior staff of rescued banks.

(3) Regulations under subsection (2) must provide that—

(a) remuneration arrangements are such that senior staff are given no financial incentive to take unnecessary and excessive risks that threaten the value of the rescued bank;

(b) a rescued bank may recover from a senior member of staff any bonus or similar payment which is based on statements which are later shown to be materially inaccurate;

(c) a rescued bank may make no golden parachute payment to its senior staff.

(4) In this section "senior staff" and "golden parachute" have such meaning as shall be prescribed in regulations under subsection (2).

(5) Regulations under subsection (2) shall cease to apply to a rescued bank if, and only if, it ceases to take part in the fund.

(6) Regulations under this section—

(a) shall be made by statutory instrument, and

(b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.'.—*[Harry Cohen.]*

Brought up, and read the First time.

Harry Cohen (Leyton and Wanstead) (Lab): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss new clause 2—*Reversion of rescued former building societies to mutual status*—

'(1) This section applies in respect of any company to which subsections (2) and (3) apply (and which is referred to in this section as a "rescued former building society").

(2) This subsection applies if—

(a) the assets and liabilities of a building society (within the meaning of section 119 of the Building Societies Act 1986 ("the 1986 Act")) have been transferred to the company, and

(b) the company continues to trade under the name of that society (or under a similar name).

(3) This subsection applies if—

(a) an order under section 3 (transfer of securities issued by an authorised UK deposit-taker) or 6 (transfer of property, rights and liabilities of an authorised UK deposit-taker) of the Banking (Special Provisions) Act 2008 has been made in relation to the company, or

(b) the company has taken part in the bank recapitalisation fund announced by the Chancellor of the Exchequer on 8th October 2008, or

(c) the company is subject to any of the stabilisation options provided for in sections 10 to 12 of this Act.

(4) The Treasury must by regulations make provision enabling rescued former building societies to reconstitute themselves as building societies within the meaning of the 1986 Act.

(5) Regulations under subsection (4) may—

(a) disapply or modify the effect of a provision of an enactment, or

(b) disapply or modify the effect of a rule of law not set out in legislation.

(6) Regulations under subsection (4)—

(a) shall be made by statutory instrument, and

(b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.'.

Harry Cohen: I thank Mr. Speaker for selecting this new clause.

A lot has happened in a short period in relation to the banks and the economy, and the situation has moved on rapidly. However, I do not want to fail to deal with the issue of excessive bonuses, which has rightly enraged the public—our constituents. The new clause addresses that. It refers to the Treasury making

> "regulations on the remuneration of senior staff of rescued banks"

such that

> "senior staff are given no financial incentive to take unnecessary and excessive risks that threaten the value of the rescued bank",

such that

> "a rescued bank may recover from a senior member of staff any bonus or similar payment which is based on statements which are later shown to be materially inaccurate"

and such that

> "a rescued bank may make no golden parachute payment to its senior staff."

That wording is not the whim of a left-wing Labour Back Bencher, nor is it anti-banker vindictiveness, although I feel a bit of that, as do my constituents. Its provisions were written into the $700 billion Paulson bail-out package by the US Congress, and this wording is the closest I can get to that. I thank the Library and the Public Bill Office staff for drafting it in that way. Congress has a Republican majority, but both Republicans and Democrats required those provisions to be included in any bail-out proposal.

[Harry Cohen]

The truth is that the level of bonuses has been an absolute scandal. It is totally unacceptable that there should be any bonuses if it is taxpayers' money that saved the institution from failure. It is unbelievable that directors are paid for failure and for jeopardising the public interest, at a time when they are costing taxpayers a great deal of money, when they are jeopardising their customers' livelihoods and those of countless businesses and individuals, and when they have got into a situation where the banks own a huge amount of toxic debt and effectively seize up. In those circumstances, bonuses should not be paid—in fact, they should be clawed back from the directors who got the bank into that situation. The new clause would require that no bonuses should be paid for risky activities and that we get some repayment where they have been paid on a false or inaccurate basis. That is what the US Congress said; that is what we should say as well.

The new clause applies to the rescued banks package, and I wanted to tie it to the US Congress provisions, but it should apply not only to the rescued banks but to all the banks. They are all part of the bail-out process. Even if they are not benefiting from the direct recapitalisation in terms of preference shares, other parts of the package referred to £200 billion being available in short-term loans from the Bank of England—that went up from £100 billion—and to £250 billion in loan guarantees being made available at commercial rates to encourage banks to lend to each other. Those are huge sums of public money that have gone to banks other than the rescued banks that we have taken preferential shares in, and they should also be subject to restraint and control over bonuses.

Mr. Peter Bone (Wellingborough) (Con): I can see the logic of the hon. Gentleman's opening arguments, because it is normal, when one invests a lot of money in an organisation, to put terms and conditions on to it. I am rather surprised that that has not happened with the £37 billion that we pumped into three banks. I agree with him in that regard. However, he is stretching it a little to include other banks where direct investment has not occurred.

Harry Cohen: That is not in my amendment, because my amendment relates to rescued banks. However, we have still given money and support to those banks because they would have failed if there had not been some Government support, in other ways, through the Bank of England. I think that the measure should apply to other speculative financial vehicles such as hedge funds, but that is not in my amendment. It is quite wrong that their directors take vast sums in remuneration and bonuses, again for reckless policies, and walk away when they go broke. The FSA has a regulatory role to play, so what is it doing about that?

6.15 pm

I have looked at the past few months' issues of the Labour Research Department's *Fact Service* for examples of City bankers' bonuses. If I had gone back a year, there would have been scores of them, but even in the past few months there have been some. A report on "City fat cats" in the 14 August issue said:

> "The credit crunch does not seem to have affected the big hitters in the City all that much. The table across shows the highest paid directors at 29 companies, who were each on over £1 million a year. The total pay bill for the 29 comes to a staggering £195.8 million—an average pay packet of £6.8 million."

According to the table, one director at Barclays got £18,100,000, and someone at Barclays Global Investors got £1,102,000. A director at Goldman Sachs got £11,738,000, and someone at Citigroup, which has just been rescued by the US, got £2,426,000. At the top of the table, a director at Sloane Robinson LLP got a massive £51,411,000, and someone at Odey Asset Management got £27,937,000. One more that I have marked up is the £2,091,000 that went to a director at Financial Risk Management, which took great financial risks—we all know that—but it lost, so I do not think that sum is appropriate.

An article entitled, "Directors' pay ratchets ever upwards", in the 18 September issue of *Fact Service* said:

> "Directors who served on the boards of the top-ranked FTSE 100 companies earned a combined package of £979.2 million last year. Their total salary packages grew by 5 per cent. compared with the previous year, according to the latest survey on executive pay by the *Guardian* newspaper and Reward Technology Forum. Four of the top 10 highest earners work in the banking or the financial services sector".

It went on:

> "Barclays president Bob Diamond made a little over £18 million, though he collected another £14 million from a three-year performance plan shortly after the financial year end."

Some performance!

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Even if hon. Members do not agree that bonuses are wrong in principle, they must surely agree that they are wrong in practice, because those bonuses were tied to the sale of products that we now find are worthless. Does my hon. Friend agree that unless something is done about the bonus regime in the City, people will continue to follow risky, short-term strategies to secure high bonuses at the expense of the long-term health of companies and the economy?

Harry Cohen: That is absolutely right. I agree that the bonus culture must be tackled effectively now. There is even a case for back-dating that approach in relation to directors who got us into this mess and made those worthless "investments".

An article entitled, "Finance directors on over £1 million a year", in the 10 October issue of *Fact Service*, reports:

> "Some 49 out of the 92 finance directors of the FTSE 100 companies have now joined the millionaires' club, up from 41 out of 96 last year…Some of the largest bonuses this year have been paid to financial directors in the banking and financial services sector."

It adds that

> "there has of course been a meltdown with the government coming to the rescue of the finance sector. The rescue plan means an end to big bonuses based on easily met performance targets".

But does it mean an end? That is the point of my amendment; I am saying that it should. The article goes on to say that

> "to take part in the rescue plan, banks will have to sign an agreement on executive pay."

Are we going to see those agreements? That is another question that needs to be asked.

On 6 November, the Fact Service reported, under the heading "City fat cats":

> "Some people in the City don't have to worry about the London Living wage. The unnamed highest paid director at finance group Jupiter Asset Management had a good 2007 picking up £13.56 million in pay and bonuses, according to accounts filed at the company watchdog Companies House."

That is wrong. Such payments are certainly wrong in this climate, and they must be brought to a halt.

That is Congress's view, and it is my view. If the Minister does not want this provision, because he rejects the wording or wants some other formula involving the FSA or the need for agreements on executive pay and dividends, that will leave questions unanswered. How would such a scheme be implemented by the FSA? Would there be a policy of no bonuses? If bonuses are to be paid, on what basis would they be paid? Will there be any limits placed on them? What controls will be placed on them? What about those people who have already been paid on a false prospectus? Will there be any claw-back by the FSA in regard to the failed company directors who have got us into this mess? Will the provision apply to all banks, or just to those that have been rescued? Will it apply to speculative financial vehicles such as hedge funds? How will the FSA report? Will the agreements be published and placed in the public domain? I think that they should be.

Our constituents demand an absolute end to the bonus culture in the City. It has served this country badly and got us into a mess. It has put our people's livelihoods and our country's economy at great risk. The people who have taken their rewards should now pay the price.

Mr. Bone: It is a great pleasure to follow the hon. Member for Leyton and Wanstead (Harry Cohen). He made his case with typical honesty and straightforwardness and I have a lot of sympathy with his remarks.

I was in business before I came into the House and, at one time, we were expanding the company with an investment of £100,000 from the Treasury into preference shares. Under that agreement, there were strict restrictions on our emoluments while those preference shares were being held. Until we had repaid them, we had to comply with those conditions. That seemed absolutely fair to me. We were receiving an investment from the Government, and it would have been unwise and unfair for the directors of the company to settle their own salaries.

When looking at new clause 1, we need briefly to refer back to what has happened with the recapitalisation of the three banks, in which £37 billion of taxpayers' money is being invested this month and next month. I have one of the offer documents here; this one happens to be the one that pertains to HBOS. It is quite extraordinary that it contains very limited discussion on bonuses. It states:

> "For the company, no bonuses for 2008. If part of contractual arrangement, directors relinquish these voluntarily".

That is the condition that applies to HBOS. The document goes on:

> "For Lloyds TSB, no cash bonuses for 2008".

That sounds quite good, but it goes on to say:

> "If part of contractual arrangement, board directors relinquish these voluntarily. Instead, Lloyds TSB's directors may receive their 2008 bonus entitlement in stock, subject to a restriction on sale until December 2009".

So there is effectively no restriction whatever on the bonuses.

If this £37 billion of investment were such a superb deal for the taxpayer, I might have had some sympathy with the lack of a requirement to control directors' salaries and emoluments. However, there will be no return to the taxpayer on that £37 billion for a minimum of five years. The Minister might want to pop up and say that the £9 billion of preference shares will mean a 12 per cent. return, but that is not true. They are non-cumulative preference shares, so that the directors of the company can waive that dividend every year until the preference shares are repaid. They cannot be repaid for five years, and I would argue that the directors have a duty to waive that dividend, because they have to look after the interests of the whole company.

Taxpayers have therefore invested £37 billion in banks with no return for five years, and we have not bothered to say anything about the bonuses or salaries of the directors. We cannot do anything about that in this Bill, but it is an issue that we should address. I sat in Committee for many an hour and we briefly discussed this issue, but it did not get the airing that it deserved. We hope that the special resolution mechanism will never be needed, but if it is, we have been lax in failing to control the salaries of directors who, after all, put the banks in that situation. I have much sympathy with the hon. Member for Leyton and Wanstead and what he is trying to achieve. As he rightly points out, we are copying what has happened in the US.

Unfortunately, the Government have spent £37 billion of our money with no real restrictions on the bonuses of directors. I notice that the Minister has not jumped up to contradict me.

Ian Pearson: I shall address the hon. Gentleman's points in a few moments.

Mr. Bone: I am grateful for that assurance, but if he made his points now, I could contradict what he said. I urge the House to take this matter seriously. People are struggling. Constituents of mine are trying to secure an extension to their business loan of £10,000. They are being asked to pay a charge for that, and being charged higher interest. That is unacceptable when every person in this country, man, woman and child, has paid more than £600 each to the banks to recapitalise them. Such loans should be made easier. The businesses should not have to go through a lot of kerfuffle. I have been in business and I know what it is like to have to go and see the bank manager—*[Interruption.]* The Minister asks what this has to do with the new clause, but that is the problem with this Government. They do not recognise that these directors, who are on huge salaries, are not getting the money to the small businesses and, as a result, they are closing up and down the country every day. This is an opportunity for this House to say what we feel about directors' emoluments, and I think that the hon. Member for Leyton and Wanstead made a very good case.

David Taylor (North-West Leicestershire) (Lab/Co-op): I speak in support of new clause 2, which I tabled, on the reversion of rescued former building societies to mutual status. It is supported by my hon. Friends the Members for West Bromwich, West (Mr. Bailey) and for Stroud (Mr. Drew).

[David Taylor]

In the immediate aftermath of the American civil war, northern Republicans schlepped en masse to the defeated south, where they joined the local Republican parties. The newcomers quickly took control in several former Confederate states, dragging their political machines into line with their cousins in the north. Those transient opportunists had arrived in the south with their belongings carried in holdalls fashioned from old carpets, giving rise to their nickname of carpetbaggers. The name persists in use today.

Sadly, the story of the demutualisation of building societies gave rise to its own breed of carpetbaggers, oily opportunists whose mercenary profiteering would lead some former building societies to abandon their traditional strengths and sow the seeds of their recent and current vulnerability. Every one of the building societies that demutualised and listed on the stock exchange—from Abbey National in 1989 to Bradford & Bingley in 2000—has either failed or had to be rescued. Included among them is the largest of all—the Halifax building society. I have been a depositor with the Halifax all my working life, from being a paper boy onwards, and I have been a Halifax mortgage holder all my married life as well. In the long, hot summer of 1997, 75 per cent. of the 7 million members of the Halifax building society voted on demutualisation: 97 per cent. voted for and a glorious 3 per cent.—including David Taylor of LE67 2QP—voted against. One gets no credit for saying, "I told you so," but I told you so.

6.30 pm

The wave of deregulation that swept across the financial sector inflated the status and salaries of corporate managers. It gifted money for nothing to speculative investors. It fed into, and fed off, the boom in housing ownership, with its corollary—mortgages.

Borrowers lost out as well. The building societies' ability to offer cheaper loans to their customers disappeared, as they became virtually indistinguishable from banks. The communities that they served lost the familiar services that they had relied on. The ethical grounding of member-oriented services evaporated. We had come to the high point of the Thatcher era—the deregulation introduced by the UK's Building Societies Act 1986 paved the way for banks and building societies to go head to head, competing in the same space for the same customers and using the same products.

By converting into banks, the former building societies gained greater access to wholesale borrowing, new types of investors and the unrestricted use of financial instruments such as securitisation. The collapse of Northern Rock and Bradford & Bingley can be interpreted in the light of their access to those new sources of funding, and to their uses of financial instruments that were either unavailable or antithetical to the mutual societies.

The 1986 Act removed the Chinese walls between the two kinds of financial institution. In offering demutualisation, it created the means to sell out long-term security for short-term profit. In 2001, Cambridge university's Centre for Business Research produced a working paper on the topic, and it quoted a senior manager of the Halifax before demutualisation, who said:

> "All arguments for conversion are fairly arcane as far as our members are concerned. The single argument that will convince them is the release-of-value argument."

Ms Abbott: Does my hon. Friend agree that there is an interesting parallel with the situation in the US, where Fannie Mae and Freddie Mac—robust, new deal institutions—were deregulated at about the same time? The results for the American financial system were similarly terrible.

David Taylor: I shall be coming to that point, but my hon. Friend has identified a good and close parallel.

To paraphrase the manager of the then Halifax building society, offer people a sufficient amount of money and you can convince them of anything. In circumstances that had never been seen before, building society members stood to receive windfalls for doing little more than turning up and voting. Unsurprisingly, that led to significant numbers of speculators opening an account for the minimum necessary amount, gaining voting rights and thereby shamelessly manipulating society votes in favour of demutualisation.

Even at the time, the benefits were questionable. On the basis of a projected payout of £2,000 per head, Bradford & Bingley members voted for conversion, but in reality the average conversion turned out to be worth less than one third of that, at £650. Customers with modest savings doubtless benefited from the effort-free handouts on offer, but those with more substantial sums invested were trading short-term gains for long-term losses. In many cases, people with their life savings invested in mutual institutions would have made far more in interest alone over the past 10 years than the few hundred pounds that they walked away with at the time. When they lost their mutual status, the building societies lost their ability to offer higher interest rates, and they also lost their security.

However, the incentives for senior managers were never in doubt. The pay increases that come with executive management of investor-owned rather than mutual companies guarantee positions in the newly created and higher-status organisations. The urge to increase the business rather than improve the service, as well as profit-linked salaries and a generous dollop of testosterone, all help to drive executive enthusiasm for conversion. We can still feel the power surging through the boardrooms of the former building societies 10 years ago, even though we are 10 years on.

In the case of the Cheltenham & Gloucester takeover by Lloyds, as it then was, sweeteners included share options for the chief executive worth four times his salary, as well as cash payments to the chairman, the chief executive and their families totalling nearly £100,000. The figures from the demutualisation vote of Bradford & Bingley in 2000 paint a picture that was replicated in many conversion votes throughout the '90s. The following is a direct quote from the paper to which I referred earlier:

> "the legislative requirements on voter turnout and voting support required for investors were set at higher thresholds than those for borrowers. In the case of investors, turnout and support requirements were 50 per cent. and 75 per cent. respectively, while in the case of borrowers there was no turnout requirement and only support by a majority vote was required for a conversion resolution to pass. Although the high thresholds set for investor members were intended to provide protection for the borrowers, in practice they may also have made it more likely that investors would vote, so tilting the outcome in favour of conversion…although overall the vote was in favour of conversion (62 per cent.), 60 per cent. of borrowers who took part voted in favour of the society remaining mutual. The result did not pass the statutory hurdle for conversion decision to go ahead; it was the board"—

what a surprise—

> "which took the decision to initiate conversion proceedings on the basis of the result."

I would like to see an opportunity for re-mutualisation. Mutual savings organisations are owned by their members. Members have a vote, and so a voice, in decision making. The company is incentivised to work for the interests of its members, not its shareholders, and still less its financiers. We must not forget that mutuals can often offer better savings and borrowing rates. They are an investment for the long term. They offer security and dependability.

According to two independent surveys in the late 1990s, mutual building societies consistently offered the best loans over a variety of payment periods. The surveys found that nine of the 10 cheapest lenders in the UK were mutuals. Another survey shows that the cheapest 30 lenders throughout the 1990s, and the 10-year period in question, were all building societies. There is evidence, cited in the paper that I mentioned, that demutualisation exacerbates financial exclusion. The total number of building societies has fallen from more than 200 to fewer than 60 in the past 25 years. Financial institutions were merged or taken over, and their branches rationalised in the drive for efficiency.

The recognisable, reliable and—above all—reachable branches that served many of the poorest and most vulnerable in communities across the country, including in North-West Leicestershire, have disappeared in the stampede towards petty pecuniary advantage. That was not just morally wrong, but largely mistaken. Work done during the height of the fad for demutualisation showed that building societies have tended to operate with greater efficiency and higher and less volatile profitability than commercial banks. It is surely no coincidence that credit unions have increasingly filled the gap left by the evisceration of mutual institutions.

The need for stable, low-interest loans never went away, even during Labour's years of record economic growth and reinvestment in infrastructure and public services. The reach of mutuals is still short, however, and the respite that they provide to struggling families will be stretched in what will no doubt be a discontented winter.

I close my remarks with a point made by the finest and greatest of the post-war Labour Prime Ministers, Harold Wilson. He said that our party

> "is a moral crusade or it is nothing."

For 10 years, we have helped to foster the best of times; we must now reach out to the most vulnerable among us in the worst of times. We in this House, whose job it is to take time to consider such matters, owe it to those in this country whose primary concern is to feed, clothe and support our families, to do whatever it takes to help them to achieve financial inclusion and security. Back in the year 2000, my party's Government, who have had so many remarkable successes, singularly failed on a number of occasions to show the leadership necessary to stem the tide of carpetbagging and demutualisation. A number of Members of this House were gravely concerned at the predatory actions of well-organised groups of carpetbaggers, stalking the mutual sector for easy pickings from which almost effortlessly to extract profits.

The Prime Minister was asked whether he shared many of the concerns of my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) about the behaviour of carpetbaggers. The obvious moral odiousness of that behaviour presents a significant threat to the ability of building societies to provide resources for affordable housing to those on low incomes.

Bob Spink (Castle Point) (Ind): I could not allow the hon. Gentleman's contribution to pass without asking him why he does not shift his account from the Halifax to the Nationwide building society, with which I have had an account all my life. It is still a mutual. Would it not be better to allow people choice, and to encourage his constituents and mine to support the existing mutuals? There are still plenty of them around.

David Taylor: Of course. I have opened accounts in building societies and in credit unions, too, so I am consistent on this topic.

The Prime Minister was asked about the matter, and his foray into the debate was a triumph of equivocation:

> "Only a society's board can propose conversion, which requires the support of 75 per cent. of saving members on a 50 per cent. turnout and 50 per cent. of borrowers who vote. Those are high thresholds, which have been reinforced by our action, but it is right that they are high. The current balance is correct".

It appears in retrospect, however, that those thresholds were not high enough, as the votes did not represent members' sentiments fairly, so the balance was not correct. We have seen a series of mergers, takeovers and part-nationalisations of former building societies in the past turbulent and unprecedented year, and they have largely taken place well after opportunistic investors have cashed in and moved on, carpetbags filled with windfall payments. Mutual organisations offer longevity, security and service in a manner that is completely alien to modern banking practices. I urge hon. Members on both sides of the House to support the new clause for the benefit of all those among us who have neither the time nor the voice to speak today. I commend the measure to the House, and I reserve the right to move it formally at the end of the debate.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I support the measure proposed by my hon. Friend the Member for North-West Leicestershire (David Taylor), and I wish to make it clear that as chairman of the all-party group on building societies and financial mutuals, I completely endorse his arguments.

When the vote on Halifax demutualisation was held, I was one of the 3 per cent.—*[Interruption.]* Indeed, my hon. Friends were, too. To anticipate an intervention from the hon. Member for Castle Point (Bob Spink), may I make it clear that my deposit is honourably held by the West Bromwich building society, which has retained its mutual status? The all-party group has conducted a number of exercises that clearly demonstrate the important role that the mutual sector plays in the financial services industry, and the added advantage that it brings not just to the financial services sector as a whole but to individual investors and borrowers.

The all-party group held a Select Committee-style inquiry that sought to examine the relative advantages of the mutual sector in providing value for money compared with the proprietary banking sector. That inquiry clearly demonstrated that, by and large, building societies provided higher rates of interest for investors and lower mortgage rates for borrowers. Even today, if

[Mr. Adrian Bailey]

one looks at the tables of best buys in most of the Sunday newspapers, that practice is substantiated by building societies' high ranking in comparison with banks.

We held another inquiry on the impact of demutualisation on people who had invested in the relevant organisations both before and after demutualisation, which clearly demonstrated that, on the basis of the figures, anyone who received a windfall from a demutualised bank subsequently lost the benefit of that windfall in the organisation's relatively poor performance and deals. In practice, that process was not financially advantageous to people who had formerly been members of the building society. We invited a range of people from all sectors—banks that had been mutuals, building societies, and even carpetbaggers—to that Select Committee-style inquiry to give evidence. I treasure one particular letter. The chief executive of Northern Rock declined to appear before the committee—surprise, surprise—but he submitted a letter stating that Northern Rock was very competitive, that it provided value for money and that its 100 and 120 per cent. mortgages were incredibly popular among consumers.

6.45 pm

I understand that there are potential financial obstacles to the adoption of new clause 2. It is designed to set a legal framework, which, notwithstanding such financial obstacles, would at least ensure no legal impediment in the event of its being a financially viable option in future.

For the sake of brevity, I will not develop my argument for too long. I note that clause 72 allows the Treasury to take a building society into temporary public ownership by order. New clause 2 provides an equivalent reverse process for the Treasury to provide a legal mechanism by which former banks could be rescued and put into mutual ownership. I would be very interested to hear the Minister's response on that point, because it is important that we have a legal framework which, notwithstanding any financial considerations, provides a level playing field and recognises the unique role played by building societies in financial services in this country.

Ian Pearson: My hon. Friend the Member for Leyton and Wanstead (Harry Cohen) has raised an important subject of significant public concern. The Prime Minister has said that he wants to see an end to the reckless City bonus culture. I assure him that the Government have already implemented certain conditions concerning the remuneration policies of the three banks that participated in recapitalisation, and those conditions apply in both the short and long terms.

In 2008, the Government expect no cash bonus to be paid to board members of those banks. Incentive schemes will be reviewed and linked to long-term value creation, taking account of risk and restricting the potential of rewards for failure. Any firm participating in the recapitalisation scheme will be bound by the FSA code on non-executive, risk-based remuneration, as well as by industry best practice on executive remuneration and severance—for instance, the guidance issued by the CBI and the Association of British Insurers. That will help to ensure that remuneration policies are aligned with sound risk management systems and controls, linking earnings to the creation of long-term value not short-term indicators, thereby protecting the interests of taxpayers and shareholders.

The three banks currently participating in the recapitalisation scheme have signed up to those conditions. As the Chancellor made clear in his statement on the bank recapitalisation scheme on 18 November, any provision of capital under the scheme in the future to other eligible financial institutions will carry terms and conditions that appropriately reflect the financial commitment made by the taxpayer, including terms and conditions on remuneration.

Mr. Bone: Will the Minister say where the restrictions on the three banks that have participated in recapitalisation are stated? Which document? Which line? Which paragraph?

Ian Pearson: I was about to address that point and respond to the hon. Gentleman's contribution. The conditions on remuneration imposed on the banks accessing the recapitalisation scheme are in the public domain—they are part of the placing agreements, which have been placed in the House of Commons Library. The hon. Gentleman seemed to say that the Government are getting nothing out of the banks' recapitalisation, but let me correct him on one point. Payment on the coupon of the preference shares is not deferrable; they are non-cumulative preference shares, and we expect to get paid as a Government. If he is suggesting that the Government should not have taken the decision to recapitalise the banks to protect the stability of the financial system and depositors, he is simply wrong. The action that we have taken has been widely welcomed, many other countries have adopted the approach and the UK has led the way in ensuring that banks have the capital requirements that they need on liquidity and on credit guarantees.

My hon. Friend the Member for Leyton and Wanstead asked what the FSA is doing on remuneration, and I want to be clear to him that the FSA is conducting a review of executive remuneration and regulation. It has written to the chief executive officers of the major banks, setting out good practice on remuneration. Looking forward, I should say that the FSA intends to take account of UK firms' adherence to the principles of good practice on remuneration when assessing risk, and it is important that it does so.

Let me directly address the point of my hon. Friend's new clause, which seeks to introduce some quite extensive new regulations. I hope that through what I have said, I have reassured him that, when the Government have acted on bank recapitalisation, we have taken a strict line on executive remuneration. We have said clearly and up front that access to the recapitalisation scheme is subject to the remuneration conditions that were determined as part of the discussions about the Government's investment. We think that that is the right approach, because it gives the banks certainty about what is expected of them. It is our clear view that we have no reason to believe that the conditionality imposed on the banks participating in the recapitalisation scheme will not be followed. We will of course monitor the situation, not least through the appointment of non-executive directors, but we do not currently believe that there is a case for regulation.

Ms Abbott: My hon. Friend the Minister says that he sees no reason why the conditionality that the Government have imposed on payments and bonuses should not be followed, but the conditionality imposed on lending money has blatantly not been followed. Why does he think that one set of conditions will work when another patently has not?

Ian Pearson: Directors of the recapitalised banks are very much in the public eye and will continue to be so for the foreseeable future. We have been very clear about the conditionality that we want on executive remuneration, and we will continue in that manner. We have powers to monitor the banks, and we have absolutely no reason to believe that they will not continue to take a fair and appropriate line on directors' pay and executive bonuses. We certainly do not condone any reward for failure, and we expect the relevant bank's board to support the removal of any directors for a failure to deliver against their agreed strategic objectives.

John McDonnell (Hayes and Harlington) (Lab): There is an element of incredulity about the Minister's statement. Can we just be clear? The Government lent those banks—those finance houses—£37 billion. In return, we expected them to show some restraint on repossessions, yet Northern Rock is repossessing faster than any other financial institution. We expected them, as a result of the money, to be able to lend between themselves and stimulate the banking economy once again, yet they refuse to lend. What, therefore, gives the Minister any confidence in the idea that they will also restrain their pay? The FSA has significantly failed up until now, and the conditions have failed up until now.

Ian Pearson: I say clearly to my hon. Friend that we are continuing the dialogue with the banks in which we have taken investments through the capitalisation scheme—and the banks as a whole—about making lending available at competitive prices for new mortgages and small businesses. I am certainly aware of the public concern about this issue. The banks are as well, and we will continue to ensure that they fulfil the conditions that they have agreed to as part of the recapitalisation scheme. It is right and proper that we should do so.

Harry Cohen *rose—*

Ian Pearson: I shall give way, but I shall then make progress and move on to new clause 2.

Harry Cohen: I am grateful to the Minister for giving way. I heard what he said about the banks that are not in the rescue scheme. They include big players, which have given big bonuses to their people—and their people have made some big mistakes, causing crisis. What the Minister said sounded very thin. Basically, he said that we had to monitor the situation and that the issue was in the hands of the FSA, which has a record of being weak. Even the shareholders of banks such as Barclays are being treated badly, given the expensive deal with the Arabs, and those shareholders cannot make many inroads with the bank directors. Can the Minister not at least strengthen the shareholders, or do something else to bring these people to account?

Ian Pearson: Barclays, of course, is not one of the banks to have taken advantage of the recapitalisation scheme. However, as part of their agreements with the Government, the banks that have are subject to a series of conditions. We expect those conditions—whether on executive pay, mortgage lending or loans to small businesses—to be followed and implemented.

Sir Patrick Cormack (South Staffordshire) (Con): Will the Minister give way?

Ian Pearson: If the hon. Gentleman allows me, I shall make some progress. I want to move on to new clause 2, which has been tabled by my hon. Friends the Members for Stroud (Mr. Drew) and for West Bromwich, West (Mr. Bailey).

The circumstances in respect of the new clause include cases in which a building society has been or is subject to a transfer of securities or properties under the relevant sections of the Banking (Special Provisions) Act 2008, cases in which it is participating in the bank recapitalisation scheme announced by the Chancellor, and cases in which it is subject to the stabilisation options provided for in part 1 of the Bill.

First and foremost, I want to assure my hon. Friends that the Government value the contribution made by the mutual sector to financial services and that we are genuinely committed to preserving mutuality. We need to have other debates, so I hope that I can briefly convince my hon. Friends that the new clause is not needed. First, I stress that a bank's conversion to mutual status, including the remutualisation of a former building society, is already possible under existing legislation. It could be achieved by the transfer of the property and liabilities of the bank to a building society—an existing one, or one newly created for the purpose. What happened with Bristol and West is an example of that procedure. It was a former building society that was sold to Britannia and thereby remutualised. Further regulations enabling the process in the particular circumstances to which the new clause refers are simply not necessary. The powers are already there. I hope that I have given my hon. Friends the reassurances that they seek.

Harry Cohen: I am not going to press my new clause to a Division. [Hon. Members: "Go on!"] I hear what the House is saying, but I must have regard to the time. I want to say to the Minister only that we are monitoring the situation; I certainly am. We, and the public, really expect the Government to be stronger in these matters and to say that a bonus culture has ended for these City slickers. I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 3

Safeguards for partial property transfers

'(1) The Treasury must prepare and publish an annual assessment of the efficacy of the safeguards relating to partial property transfers under Part 1 of this Act.

(2) In preparing each assessment the Treasury must consult the Banking Liaison Panel constituted under section 10.

(3) If an assessment indicates that the safeguards are inadequate the Treasury must make proposals for strengthening them.

(4) Each assessment published under this section must be laid before Parliament.

(5) A Minister of the Crown must make a motion in the House of Commons related to the assessment not more than three months after the assessment was laid before Parliament.'.—*[Mr. Gauke.]*

Brought up, and read the First time.

Mr. David Gauke (South-West Hertfordshire) (Con): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: new clause 4—*Exemption of bank directors from liability*—

'(1) The Treasury may by order exempt directors of a bank for which the stabilisation powers have been exercised, or of any group undertaking of any such bank, from liability in connection with acts and omissions in relation to the bank or undertaking.

(2) Any such order—

(a) shall be made by statutory instrument, and

(b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.'.

New clause 5—*Protection of bank customers*—

'(1) The Treasury may by order amend Part 16 of the Financial Services and Markets Act 2000 for the purposes of protecting the position of customers of a bank for which the stabilisation powers have been exercised.

(2) Any such order—

(a) shall be made by statutory instrument, and

(b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.'.

Amendment No. 3, page 36, line 5, leave out Clause 72.

Government amendment No. 38

Amendment No. 1, in clause 72, page 36, line 42, at end insert—

'(9) No order under this section may amend this Act.'.

Amendment No. 2, page 36, line 42, at end insert—

'(9) This section shall cease to have effect at the end of the period of two years beginning with the day on which this Act is passed.'.

Mr. Gauke: I draw the attention of the House to my entry in the Register of Members' Interests.

7 pm

The amendments and new clauses relate to issues affecting the safeguard on partial property transfer, which applies in circumstances where some assets are transferred out of a bank with a view to a private sector purchase. There is no need for me to rehearse all the arguments that we discussed at some length in Committee; in summary, counterparties of an original bank may find themselves prejudiced when there is a transfer of some of the property of that bank, because they find that they are the counterparty of two different institutions, or possibly more, and are unable to net or set off contracts because those contracts are now with those different parties.

Even the potential of that situation creates significant problems because it may mean that legal opinions cannot be given as to the creditworthiness or security of a particular transaction. That could result in increased costs of capital for UK banks, higher regulatory capital requirements and ultimately an adverse effect for the competitiveness of UK banks. The matter has provoked considerable interest from outside bodies. To be fair, the Government recognise the issue, and have made some changes in draft legislation, particularly concerning the carve-out from potential partial transfer, and they have created a banking liaison panel, which we welcome.

Safeguards will be placed in secondary legislation, but concerns remain. We are not in a position to assess the strength of the safeguards fully because that secondary legislation has not reached its final form. It would be helpful to hear some reassurance from the Economic Secretary that that secondary legislation will be in effect at the time when the Bill comes into effect. It is essential that all the safeguards are contained in secondary legislation, rather than in the code of practice. Legal opinions can be given only on secondary legislation; a code of practice will not be sufficient for lawyers in such circumstances.

This is an important and ongoing matter, and the Government's position is moving constantly, which is perhaps understandable, but this means that the House is not in a position to make a full assessment of the efficacy of the safeguards, and consequently, in new clause 3, we propose an annual assessment and an opportunity for Parliament to debate the matter further so that the Treasury can provide reassurance that the safeguards are adequate.

Briefly, I shall outline some of the other amendments and new clauses. We are concerned about what is now clause 72—it was clause 65 in Committee—because it gives the Government the ability to change the law by order. There are constitutional issues involved; it is a Henry VIII clause, which amendment No. 3 would delete altogether. In Committee, the Economic Secretary outlined particular areas where he considered it necessary to have powers to amend the law, two of which concerned related directorships and shadow directorships. We attempt to address those points in new clause 4, and we seek to address the financial ombudsman scheme in new clause 5. If the Economic Secretary were inclined to accept those clauses, we would argue that it would be unnecessary to have clause 72, unless he has some other examples.

One point on which there has been genuine progress is our concern that clause 65, as it then was, could be used to amend protections in the Bill. I tabled an amendment to change that, and now the Government have done so as well—Government amendment No. 38. We welcome it, and we accept its wording.

Amendment No. 2 would make clause 72 a sunset clause. We are not convinced that clause 72 is necessary. Unless the Government have strong reasons for it to remain, it would be helpful if it were removed, which should deal with any transitional provisions.

I am keeping my remarks as brief as possible in order to allow the Minister to respond fully. In conclusion, we welcome the progress that we have seen, but we consider it vital for UK banks that we have adequate safeguards in partial property transfers and that we do not allow clause 72 to undermine those safeguards in any respect. We await the Minister's comments with interest.

Ian Pearson: The hon. Member for South-West Hertfordshire (Mr. Gauke) seeks in new clause 3 to impose a requirement on the Treasury to publish an annual assessment of the efficacy of the partial transfer safeguards.

As the hon. Gentleman will be aware, we need to get the safeguards right, and I am absolutely committed to that. That is why I decided to establish an expert liaison group. Indeed, the stakeholder feedback that the Government have already received led us to introduce an amendment to the Bill to formalise the status of the group in primary legislation, as set out in clause 10. That move has been widely supported by the industry and, to be fair, by Opposition Members. When we are talking about such legislation at the level of technical detail that we often are, it is right to work with the experts and in effect co-produce the secondary legislation, in addition to keeping such matters under review.

In putting the group on a statutory footing, it is implicit that the Government will have regard to its recommendations. Clause 10 therefore provides a mechanism for us to receive regular and expert feedback, to which we will pay due consideration. The Government consider it desirable to retain the flexibility to adjust and refine the safeguards in the light of experience. That is particularly important in the context of the set-off and netting safeguard, for instance, because those arrangements have proven to be a highly innovative field. Changes to the safeguard may be necessary to ensure not only that it continues to protect what it is intended to protect, but that innovations do not undermine the policy aims that the special resolution regime is intended to serve.

I agree with the spirit of the new clause that the hon. Gentleman has tabled, in the sense that reviewing safeguards is important. However, that is best done through the mechanisms that I have outlined and which we are already putting in place, in particular the expert liaison group, rather than the approach that he suggests in new clause 3. If he reflects on that, I hope that he will decide not to press the new clause to a vote.

As right hon. and hon. Members are aware, banks comprise complex, multi-jurisdictional corporate entities. Set against that background, many of the provisions of the special resolution regime interact with and sit alongside financial services, banking, company and insolvency law. It is therefore clear that the legislative environment is both complex and varied—I think that the hon. Member for South-West Hertfordshire can see where I am going with this.

There will inevitably be some degree of conflict between the public interest objectives of resolving a bank in severe financial difficulties and the provisions of legislation that are designed to work in relation to a normally functioning business. When hon. Members reflect on that for a moment, I hope that they will see that it is surely right. It is one thing to have legislation that applies to normally functioning businesses, but with a bank or building society failure, quite different and difficult circumstances arise. For that reason, we believe it is crucial to take a power to amend the provisions of primary and secondary legislation and common law, but to do so in a narrow way, which I will go on to explain in more detail.

In the absence of such a power as provided for in clause 72, or clause 65 as it was in Committee, there is a real and significant risk that the authorities will not be able fully to effect a transfer, which could impact on the effectiveness of the powers in the Bill. That could lead to serious and adverse implications for the public interest through risks to financial stability, to the protection of depositors and to public funds. It could also impact on the likelihood of achieving a private sector solution.

The purpose of the power is to provide the Treasury with the means to modify legislation to enable the powers of the special resolution regime to be used more effectively. This is set out in clause 72(1), which we debated at some length in Committee. I want to make it very clear that this is not a general power to amend legislation; it is targeted and limited. In particular, the power may be used only to facilitate the use of one of the stabilisation options, so the scope is severely constrained to amending legislation that affects the resolution of banks that are under the special resolution regime.

I emphasised in Committee that the power would not be used to modify the Bill—a concern expressed by a number of hon. Members who contributed to the debate at the time. I highlighted the fact that the Treasury would not use clause 72 to amend the legislative safeguards either in the Bill or in secondary legislation made under it. It would be inappropriate to use the clause to amend the safeguards that we are putting in place. The Government have no intention to use the power in that way, which I want to make absolutely clear.

I committed to discussing issues relating to legal certainty and the expert liaison group. I can inform the House that I will write to the group and undertake specific consultation on this very matter. In light of the ongoing consultation with stakeholders, the Government consider it appropriate to make it clear that the powers in clause 72 cannot be used to amend the Bill's provisions; we want to reflect the concerns expressed in Committee. This extends to primary legislation and any secondary legislation made under it—so, for example, in relation to the netting safeguard, which is one of the key safeguards of particular interest to stakeholders, both the enabling power and the statutory instrument made may not be amended by the power. I hope that that addresses stakeholders' main concern about the power conferred in clause 72. We have directly responded to the concern and remain committed to working with the industry on issues relating to legal certainty. I believe that when it comes to transactions, it is vital for the industry to be able to have clean legal opinions. We will continue to work with the industry, but we believe that the provisions are appropriate, so we can give the industry the assurances it requires.

In amendment No. 2, the hon. Member for South-West Hertfordshire proposes that a sunset provision be added to clause 72. This would provide the Treasury with the power to change the law for two years, but it would then lapse. I do not believe that the amendment would be in the public interest, so let me explain why. We cannot be sure that the hindrances and difficulties faced by the authorities in resolving any bank failures in the next two years will be the same as in a future period. It is possible, for example, that the nature of the banks being resolved will be different in subsequent years, with the result that different pieces of legislation need to be modified so that a successful resolution can be effected. In our view, therefore, a sunset provision is not appropriate because of the need to ensure that the legislation is future-proof as banks and financial markets develop over time.

7.15 pm

We reflected on that issue at some length in Committee. I think it is right that we try to future-proof legislation as much as possible, and we do not consider that a two-year sunset clause would be appropriate in this instance. That does not mean that I would reject the concept of the use of sunset clauses in other contexts. Indeed, as the hon. Gentleman knows, the Banking

(Special Provisions) Act 2008 contains a sunset clause, which is not the least of the reasons for our present consideration of the Banking Bill.

New clauses 4 and 5 would confer powers on the Treasury in relation to exempting directors and the financial services ombudsman. In Committee, as the hon. Member for South-West Hertfordshire mentioned, I cited specific instances in which the Treasury might use the power to change law. I understand that the hon. Gentleman wishes the Government to prescribe the pieces of legislation that they wish to amend, and to include them in the Bill. I must admit to feeling slightly guilty about selecting a couple of examples in an attempt to be helpful and clarify matters, and then discovering that I had probably not clarified matters to the hon. Gentleman's satisfaction.

I accept that both new clauses give the Treasury certain powers that may be useful in resolution and may make the exercise of the stabilisation powers more effective. However, the examples that I gave in Committee were intended to illustrate the wider point that there are pieces of legislation that we can identify as needing to be amended, but others to which, as things stand, that does not apply. We cannot know the specific stabilisation options and the particular circumstances of a failing bank in the future, and what might need to be done.

Even if the Government were to introduce measures such as new clauses 4 and 5, the powers in clause 72 would still be necessary. As I said in Committee, it is not possible to provide an exhaustive list of the legislative proposals that the Treasury may need to modify, because it is not possible to foresee each and every circumstance surrounding the failure of each bank and which pieces of legislation may be relevant to the resolution. If that were possible—again, I explained this in Committee—there would be no grounds for taking the power, and we could and would have included the relevant changes in the Bill.

The Government also consider it more appropriate to preserve the generality of the power by not introducing examples into the Bill. We do not think that it would be advantageous to give the impression in legislation that these were the only parts of law that the authorities might need to modify in order to effect a successful resolution.

I recognise that clauses such as clause 72 are potentially controversial because they include a power to amend primary and secondary legislation by order, but they are not exceptional clauses. It is not the case that such measures have never been allowed through Parliament before. Nevertheless, it is right for them to be subject to rigorous scrutiny. I consider that our action in limiting the nature of the clause is appropriate. I hope I have reassured the House not only about the way in which the clause should be construed and the significant practical limitations of the power to amend law, but about why it is necessary for that power to be taken.

Sir Patrick Cormack: The hon. Gentleman is a very mild-mannered man, and I am sure he would never wish to be dictatorial in any way. The fact of the matter is, however, that we have gone far too far with these Henry VIII clauses. The power of the Executive has increased and is increasing, and, in the famous words of Dunning's motion, "ought to be diminished".

Ian Pearson: I understand that the hon. Gentleman takes a very close interest in how Parliament works, its traditions and the way in which its powers are exercised, and I also take that seriously. I would not want to be supporting a blunderbuss clause that just gives the Government the power to do anything they want if they decide that that is the right thing to do. That is why we have spent a lot of time ensuring we get the limitations imposed on clause 72 right. I believe this is now appropriate, and I hope I explained in Committee why that is the case. I also hope that the assurances I have given, particularly on the safeguards in both primary and secondary legislation, will give further reassurance to those outside stakeholders who are very interested in this part of the Bill.

Mr. Gauke: I am grateful to the Minister for his remarks. He has tried to be helpful throughout, which, as he mentioned, has perhaps caused him one or two difficulties in the context of clause 72. There are concerns that are both constitutional, as my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) pointed out, and practical and business related in the degree of uncertainty created by clause 72. We voted extensively on this in Committee, and I am glad that the Minister is consulting with the liaison panel. We will, perhaps rather generously, not press for any Divisions on clause 72, but we hope that the other place will examine it much further and see whether it can be made more focused.

New clause 3 relates to safeguards on partial property transfer. I almost detected a degree of sympathy for it from the Minister, because he recognises that it addresses a legitimate concern. It will enable the liaison panel to input its thoughts in this area. We would require the Treasury to consult with the business liaison panel in this area, and we think it would add a degree of protection to UK banks to know that if problems are being created by the legislation and the secondary legislation made under it, there will be an opportunity for Parliament to review it. The Treasury will be forced to review it, and consult if there are particular weaknesses. We think this would add significantly to the protections for the UK banking system and help further address the remaining concerns, so I will seek to press it to a vote.

Question put, That the clause be read a Second time:—

The House divided: Ayes 171, Noes 264.

Division No. 340] [7.24 pm

AYES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Davey, Mr. Edward
Davies, David T.C.
(Monmouth)
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorries, Mrs. Nadine
Duncan, Alan

Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Gummer, rh Mr. John
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Price, Adam
Pritchard, Mark
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. Crispin Blunt and
Mr. Richard Benyon

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hope, Phil
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen

Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ms Dawn Butler and
Ian Lucas

Question accordingly negatived.

New Clause 7

DEBT RESPONSIBILITY MECHANISM

'After section 2C of the Bank of England Act 1998 (Financial Stability Committee: supplemental - inserted by section 225 above) insert—

"2D Debt responsibility mechanism

(1) The Financial Stability Committee must write to the FSA twice a year, setting out its assessment of financial stability and the FSA must have regard to that assessment in the exercise of its duties in respect of paragraph 4 of Schedule 6 to the Financial Services and Markets Act 2000 (threshold conditions: adequate resources).

(2) The Financial Stability Committee must publish its letter and the FSA must publish its response."'.—*[Mr. Hoban.]*

Brought up, and read the First time.

Mr. Hoban: I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

Amendment No. 6, in clause 5, page 4, line 2, leave out 'and'.

Amendment No. 7, in page 4, line 3, at end insert ', and

(g) the meaning of "financial stability".'.

Amendment No. 4, in clause 93, page 46, line 6, at end insert—

'(5) Subsection (4) above does not take precedence over Schedule 6 to the Insolvency Act 1986.'.

Government amendment No. 52.

Amendment No. 15, in clause 222, page 107, line 19, leave out 'or other financial institution'.

Amendment No. 16, in clause 223, page 107, line 28, leave out 'or other financial institution'.

Amendment No. 18, in clause 225, page 108, line 21, at end insert—

'(3) In doing so, the court of directors must have regard to the guidance on financial stability given in the code of practice issued in accordance with section 5.'.

Mr. Hoban: I am pleased that so many people are interested in the debate on new clause 7, which would add a further responsibility to a financial stability committee. The Bill establishes for the first time a committee of the Bank of England, which will be responsible for maintaining—

Mr. Deputy Speaker (Sir Michael Lord): Order. Conversations are breaking out throughout the Chamber. Perhaps hon. Members who do not want to take part in the debate would like to leave the Chamber.

Mr. Hoban: Thank you, Mr. Deputy Speaker. As I was saying, the Bill sets up the financial stability committee of the Bank of England, a sub-committee of the court of directors. Its role is to contribute towards protecting and enhancing the stability of the financial systems of the UK—described in the Bill as the financial stability objective.

One of the issues that has developed over the course of the past 10 years is the build-up of an asset price bubble. We have seen the fastest rise in house prices in the developed world taking place in this country. That period of asset price rises has been fuelled by significant expansion in the levels of debt in the economy as a whole. That is why we enter this recession with the highest level of personal debt among major industrialised countries. In that 10-year period, while the FSA supervised the activities of individual financial institutions, no one had the role of monitoring and responding to overall levels of debt in the economy—especially since the Government introduced their reforms of financial regulation in 1997. That is a major omission that contributed to the asset price bubble that we see today, and the bursting of that bubble is causing misery to families and businesses up and down the country.

We cannot allow that situation to go on. That is why we propose a debt responsibility mechanism, a form of macro-prudential regulation that will enable the Bank of England, as part of its process of identifying financial risks in the economy, to write to the FSA to require it to take into account its concerns about the level of debt, and to look at the way in which it supervises and monitors capital levels in individual financial institutions. This is an idea that we proposed towards the end of September. Since then, the Bank of England, in its financial stability report, has called for the introduction of macro-prudential regulation, echoing some of the concerns that we have had about the asset price bubble. That was followed by speeches by John Gieve and Charlie Bean, both executive directors of the Bank of England, so we believe that it is time to reform the regulation of the financial services sector to prevent the recreation in the future of further debt-fuelled asset price bubbles. New clause 7 gives us the opportunity to do so, and it will be a major improvement in the way in which we regulate the financial services sector—

It being three hours after the commencement of proceedings on the motion, Mr. Deputy Speaker *proceeded to put the Questions necessary for the disposal of the business to be concluded at that hour, pursuant to Order [this day].*

Clause 1

Overview

Amendments made: No. 19, in page 1, line 18, after '28,', insert '29,'.

No. 20, in page 1, line 18, after '30', insert ', 31'.

No. 21, in page 1, line 19, after '43,', insert '44,'.

No. 22, in line 19, leave out 'and 45' and insert '45 and 46'.—*[Mark Tami.]*

Clause 60

Third party compensation: mandatory provision

Amendments made: No. 23, in page 29, line 21, leave out 'is wound up' and insert 'enters insolvency'.

No. 24, in page 29, line 23, leave out 'been wound up' and insert 'entered insolvency'.

No. 25, in page 29, leave out lines 31 and 32 and insert—

> '(c) the reference to insolvency includes a reference to (i) liquidation, (ii) bank insolvency, (iii) administration, (iv) bank administration, (v) receivership, (vi) a composition with creditors, and (vii) a scheme of arrangement.'.

No. 26, in page 30, leave out lines 12 and 13.—*[Mark Tami.]*

Clause 62

General continuity obligation: property transfers

Amendments made: No. 27, in page 30, line 32, leave out 'a company' and insert 'anything'.

No. 28, in line 32, after 'is', insert

', or was immediately before the transfer,'.

No. 29, in page 30, line 38, at end insert 'all or part of'.

No. 30, in page 30, line 42, after 'business', insert ', or part of it,'.—*[Mark Tami.]*

Clause 63

Special continuity obligations: property transfers

Amendment made: No. 31, in page 31, line 41, at end insert ', or part of it,'.—*[Mark Tami.]*

Clause 64

General continuity obligations: share transfers

Amendments made: No. 32, in page 32, line 5, leave out 'a company' and insert 'anything'.

No. 33, in page 32, line 7, at end insert

'(whether or not it is also a group undertaking in relation to the transferred bank immediately after the transfer),'.

No. 34, in page 32, line 24, leave out 'undertaking' and insert 'company'.

No. 35, in page 32, line 31, at end insert—

'(8) The Bank of England may act under or by virtue of subsection (6) only with the consent of the Treasury.'.—*[Mark Tami.]*

Clause 65

Special continuity obligations: share transfers

Amendment made: No. 36, in page 33, line 6, leave out 'transferee to operate the transferred business' and insert 'transferred bank to operate'.—*[Mark Tami.]*

Clause 67

Continuity obligations: termination

Amendment made: No. 37, in page 33, line 40, at end insert—

'(4) A reference in subsection (1) to obligations under a section includes a reference to obligations under that section as applied under section [Special resolution regime: Continuity obligations: onward property transfers] or [Special resolution regime: Continuity obligations: onward share transfers].'.—*[Mark Tami.]*

Clause 72

Power to change law

Amendment made: No. 38, in page 36, line 18, after 'enactment', insert

'(other than a provision made by or under this Act)'.—*[Mark Tami.]*

Clause 119

RULES

Amendment made: No. 39, in page 63, line 33, at end insert—

'(8) Section 413(2) of the Insolvency Act 1986 (rules: duty to consult Insolvency Rules Committee) shall not apply to the first set of rules which is made in reliance on this section.'.—*[Mark Tami.]*

Clause 154

RULES

Amendment made: No. 40, in page 83, line 41, at end insert—

'(6) Section 413(2) of the Insolvency Act 1986 (rules: duty to consult Insolvency Rules Committee) shall not apply to the first set of rules which is made in reliance on this section.'.—*[Mark Tami.]*

Amendment proposed: No. 5, in page 86, line 7, leave out clause 164.—*[Mr. Hoban.]*

Question put, That the amendment be made:—

The House divided: Ayes 133, Noes 296.

Division No. 341] **[7.43 pm**

AYES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Duncan, Alan
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Gummer, rh Mr. John
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Holloway, Mr. Adam
Horam, Mr. John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pritchard, Mark
Randall, Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. Richard Benyon and
Mr. Crispin Blunt

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brooke, Annette
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise

Engel, Natascha
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Fitzpatrick, Jim
Flello, Mr. Robert
Follett, Barbara
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(Hastings and Rye)
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Holmes, Paul
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
MacShane, rh Mr. Denis
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Robertson, Angus
Robertson, John
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C.
(Sheffield, Hillsborough)
Smith, Angela E. *(Basildon)*
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Stunell, Andrew
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Taylor, Matthew
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Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Todd, Mr. Mark
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
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Walley, Joan
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Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, rh Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ms Dawn Butler and
Ian Lucas

Question accordingly negatived.

Clause 165

SPECIAL RESOLUTION REGIME

Amendments made: No. 41, in page 87, line 13, leave out 'contribute towards expenses connected' and insert 'to make payments in connection'.

No. 42, in line 16, leave out 'contributions' and insert 'payments'.

No. 43, in line 21, leave out 'contribute towards' and insert 'incur'.

No. 44, in line 23, after 'incurred', insert

'in connection with the exercise of the stabilisation power'.

No. 45, in line 25, leave out 'contributed' and insert 'paid'.

No. 46, in line 27, leave out 'contributions' and insert 'payments'.

No. 47, in page 88, line 3, at end insert—

'(5A) Payments required to be made by the scheme by virtue of section [Special resolution regime: 'compensation: Sources of compensation of the Banking Act 2008 (special resolution regime: compensation) shall be treated for the purposes of subsection (4) as if required to be made under this section.

(5B) The regulations may include provision for payments (including payments under those provisions of the Banking Act 2008) to be made—

(a) before verification in accordance with subsection (3)(b), and

(b) before the calculation of the limit imposed by subsection (4), by reference to estimates of that limit and subject to any necessary later adjustment.'.

No. 48, in page 88, line 11, leave out 'contributions' and insert 'payments'.—*[Mark Tami.]*

Clause 186

ROLE OF FSA

Amendment made: No. 49, in page 95, line 19, at end insert—

'(2) Before taking action under this Part in respect of a recognised inter-bank payment system the operator of which satisfies section 180(2), the Bank of England must consult the FSA.

(3) If the FSA gives the Bank of England notice that the FSA is considering taking action in respect of the operator of a recognised inter-bank payment system who satisfies section 180(2), the Bank may not take action under this Part in respect of the operator unless—

(a) the FSA consents, or

(b) the notice is withdrawn.'.—*[Mark Tami.]*

Clause 188

INSPECTION: WARRANT

Amendment made: No. 50, in page 96, line 17, at end insert—

'(8) In the application of this section to Scotland—

(a) the reference to a justice of the peace includes a reference to a sheriff, and

(b) ignore subsection (7).

(9) In the application of this section to Northern Ireland—

(a) the reference to a justice of the peace is a reference to a lay magistrate, and

(b) the reference to sections 15(5) to (8) and 16 of the Police and Criminal Evidence Act 1984 is a reference to the equivalent provisions of the Police and Criminal Evidence (Northern Ireland) Order 1989.'.—*[Mark Tami.]*

Clause 191

PUBLICATION

Amendment made: No. 51, in page 96, line 42, at end insert—

'(2) The Bank may publish details of a sanction imposed under sections 192 to 194.'.—*[Mark Tami.]*

Clause 193

CLOSURE

Amendment made: No. 52, in page 97, leave out line 9 and insert—

'(a) threatens the stability of, or confidence in, the UK financial system, or

(b) has serious consequences for business or other interests throughout the United Kingdom.'.—*[Mark Tami.]*

Clause 195

WARNING

Amendments made: No. 53, in page 98, line 2, at end insert 'or on another person'.

No. 54, in line 4, after 'operator', insert 'or other person'.

No. 55, in line 5, after 'operator', insert 'or other person'.

No. 56, in line 5, leave out 'and'.

No. 57, in line 6, at end insert—

', and

(d) as soon as is reasonably practicable, give the operator or other person a notice stating whether or not the Bank intends to impose the sanction.'.

No. 58, in line 8, leave out '191' and insert '191(1)'.—*[Mark Tami.]*

Clause 196

APPEAL

Amendments made: No. 59, in page 98, line 17, leave out subsections (1) and (2) and insert—

'(1) Where the Bank of England notifies a person under section 195(1)(d) that the Bank intends to impose a sanction, the person may appeal to the Financial Services and Markets Tribunal.

(2) Where the Bank of England imposes a sanction on a person without notice in reliance on section 195(3), the person may appeal to the Financial Services and Markets Tribunal.'.

No. 60, in line 29, leave out paragraph (b) and insert—

'(b) for section 133(9) of that Act substitute the proposition that a sanction may not be imposed while an appeal could be brought or is pending.'.—*[Mark Tami.]*

Clause 212

INFORMATION

Amendments made: No. 61, in page 104, line 9, after 'of', insert—

'(a) '.

No. 62, in line 10, at end insert—

'(b) details of anything done in contravention of this Part or banknote regulations or rules;

(c) details of action taken under sections 215 to 218 (which may include details of the reason for the action and its result).'.—*[Mark Tami.]*

Clause 214

INSOLVENCY, &C.

Amendment made: No. 63, in page 104, line 35, leave out subsection (3) and insert—

'(3) A right to rely on section 207 cannot be transferred by or acquired from an authorised bank (and, in particular, cannot be acquired by virtue of or in connection with anything done under Part 1).'.—*[Mark Tami.]*

Clause 222

CONSOLIDATED FUND

Amendment made: No. 64, in page 107, line 22, leave out from 'assistance"' to end of line 23 and insert

'has the meaning given by section 244.'.—*[Mark Tami.]*

Clause 233

INFORMATION

Amendment made: No. 65, in page 111, line 37, at end insert—

'(ba) the scheme manager of the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000);'.—*[Mark Tami.]*

Clause 238

FINANCIAL ASSISTANCE TO BUILDING SOCIETIES

Amendments made: No. 66, in page 113, line 36, at end insert—

'(7) In this section, "financial assistance" has the meaning given by section 244.'.

No. 67, in line 36, at end insert—

'(7) The Treasury may by order create exceptions to or otherwise modify the effect of section 9B of the Building Societies Act 1986 (restriction on creation of floating charges); and—

(a) the Treasury may make an order only if they think it is likely to help building societies to use, give effect to or take advantage of financial assistance of the kind specified in subsection (1),

(b) an order may have effect in relation to transactions between building societies and persons not listed in subsection (1),

(c) an order shall be made by statutory instrument, and

(d) an order may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.'.—*[Mark Tami.]*

Clause 239

REGISTRATION OF CHARGES

Amendments made: No. 68, in page 113, line 39, leave out 'entitled to' and insert 'interested in'.

No. 69, in line 43, at end insert—

'(2) The reference in subsection (1) to Part 25 of the Companies Act 2006 includes a reference to—

(a) Part 12 of the Companies Act 1985 (which has effect until the commencement of Part 25 of the 2006 Act),

(b) Part 13 of the Companies (Northern Ireland) Order 1986 (which has effect until the commencement of Part 25 of the 2006 Act), and

(c) any provision about registration of charges made under section 1052 of the Companies Act 2006 (overseas companies).'.—*[Mark Tami.]*

Clause 246

STATUTORY INSTRUMENTS

Amendments made: No. 70, in page 117, line 30, at end insert

"(which are subject to subsections (4) to (6)).".

No. 71, in page 119, line 9, at end insert—

'167	Borrowing from National Loans Fund	Negative resolution'.

No. 72, in line 25, at end insert—

'(4) A power listed in subsection (5) may be exercised without a draft being laid before and approved by resolution of each House of Parliament if—

(a) the power is being exercised for the first time, and

(b) the person exercising it is satisfied that it is necessary to exercise it without laying a draft for approval.

(5) The powers are those in—

(a) section 2 (special resolution regime: meaning of "bank"),

(b) section 47 (special resolution regime: partial transfers),

(c) section 48 (special resolution regime: protection of interests),

(d) section 60 (special resolution regime: third party compensation),

(e) section 82 (special resolution regime: building societies: consequential),

(f) section 85 (meaning of "bank"),

(g) section 116 (bank insolvency: application of insolvency law),

(h) section 124 (bank insolvency: building societies),

(i) section 129 (bank insolvency: consequential provision),

(j) section 143 (bank administration: multiple original transfers),

(k) section 146 (bank administration: transfer from temporary public ownership),

(l) section 150 (bank administration: application of other law),

(m) section 152 (bank administration: building societies),

(n) section 162 (bank administration: consequential provision), and

(o) section 165 (Financial Services Compensation Scheme: special resolution regime).

(6) Where an instrument is made in reliance on subsection (5)—

(a) it shall lapse unless approved by resolution of each House of Parliament during the period of 28 days (ignoring periods of dissolution, prorogation or adjournment of either House for more than 4 days) beginning with the day on which the instrument is made,

(b) the lapse of an instrument under paragraph (a) does not invalidate anything done under or in reliance on it before its lapse and at a time when neither House has declined to approve it, and

(c) the lapse of an instrument under paragraph (a) does not prevent the making of a new one.'.—*[Mark Tami.]*

Clause 250

COMMENCEMENT

Amendment made: No. 73, in page 121, line 20, at beginning insert 'The preceding provisions of'.—*[Mark Tami.]*

Order for Third Reading read.

To be read the Third time on Monday 1 December.

Mr. Graham Stuart (Beverley and Holderness) (Con): On a point of order, Mr. Deputy Speaker. I understand that there will no longer be time today to hold my Adjournment debate on the River Humber and River Hull flood management strategies, and I wonder whether I can ask through you, Mr. Deputy Speaker, that Mr. Speaker look favourably on my application when the House returns, because my constituents, who were looking forward to having their grievances heard, will be disappointed not to have done so this evening.

Mr. Deputy Speaker (Sir Michael Lord): I can well understand the hon. Gentleman's disappointment at not being able to hold his Adjournment debate this

[Mr. Deputy Speaker]

evening. I am not in a position to guarantee these things, but I am quite sure that he will be able to have that debate early in the next parliamentary Session.

Sitting suspended, pursuant to Order [20 November].

ROYAL ASSENT

8.23 pm

Message to attend the Lords Commissioners:

The House went;—and, having returned:

Mr. Speaker: *(in the Clerk's place at the Table)*: I have to acquaint the House that the House has been to the House of Peers, where a Commission under the Great Seal was read, authorising the Royal Assent to the following Acts:

Education and Skills Act 2008
Local Transport Act 2008
Climate Change Act 2008
Counter-Terrorism Act 2008
Planning Act 2008
Pensions Act 2008
Dormant Bank and Building Society Accounts Act 2008
Energy Act 2008

Prorogation

Her Majesty's Most Gracious Speech

Mr. Speaker: I have further to acquaint the House that the Lord President of the Council, one of the Lords Commissioners, delivered Her Majesty's most Gracious Speech to both Houses of Parliament, in pursuance of Her Majesty's Command. For greater accuracy I have obtained a copy, and also directed that the terms of the Speech be printed in the Journal of this House. Copies are being made available in the Vote Office.

HER MAJESTY'S MOST GRACIOUS SPEECH

My Lords and Members of the House of Commons

My Government has pursued policies to ensure economic stability, to respond to the rising aspirations of the people of the United Kingdom and to ensure security for all.

Legislation has been brought forward to protect depositors and to ensure confidence in the banking system.

An Act has been passed to enable unclaimed money in dormant bank accounts to be used for youth facilities, financial inclusion and social investment, while ensuring customers retain the right to reclaim their money.

An Act has been passed to reduce the regulatory burdens on businesses.

Legislation has been enacted to provide for long-term reform of pensions and place a duty on every employer to contribute to workplace pensions for their employees.

An Act has been passed to provide better protection for vulnerable workers and to reduce burdens on employers.

My Government has taken further action to meet people's aspirations for better education, housing and healthcare.

An Act has been passed to ensure that young people stay in education or training until the age of 18, and to provide new rights for adults to receive skills training.

A draft bill has been published to reform apprenticeships.

Legislation has been enacted to create a stronger health and adult social care regulator, with a remit to assure the safety and quality of care for patients and users of services.

An Act has been passed to reform the regulation of human embryology and to ensure that the United Kingdom remains at the forefront of medical research.

Legislation has been enacted to create a new Homes and Communities Agency that will deliver more social and affordable housing. It will promote regeneration and create a new Tenant Services Authority which will give tenants more choice and influence over how their homes are managed.

Legislation has been enacted to reform the planning system, providing for quicker and more transparent decision making, and to enable the introduction of the Community Infrastructure Levy.

My Government has worked to protect the environment and to tackle climate change, both at home and abroad.

Legislation has been enacted to make the United Kingdom the first country in the world to introduce a legally binding framework to reduce carbon emissions, by 80 per cent of the 1990 levels by 2050.

Legislation has also been enacted to provide clean and secure supplies of energy.

An Act has been passed to tackle congestion and improve public transport.

My Government brought forward legislation to grant the powers to secure land, to build and to maintain the Crossrail scheme in the South East of England.

Legislation has been enacted to reform the criminal justice system with the aim of protecting the public and reducing offending.

An Act has been passed to protect the public from terrorism by improving powers to gather and share information and to ensure the effective prosecution of suspects.

A draft bill has been published on Citizenship and Immigration.

Legislation has been brought forward on the regulation of party finance and expenditure and to ensure the effective administration of elections.

Members of the House of Commons

I thank you for the provision you have made for the work and dignity of the Crown and for the public service.

My Lords and Members of the House of Commons

My Government continues to work closely with the devolved administrations in Scotland, Wales and Northern Ireland.

My Government has worked to secure a prosperous and secure European Union, better able to respond to the challenges of globalisation.

Legislation has been enacted which enabled the ratification of the European Union Lisbon Treaty.

My Government has continued to work with the United Nations, the G8 and the European Union to prevent the spread of weapons of mass destruction and to address international concerns on nuclear proliferation and terrorism.

The Duke of Edinburgh and I were pleased to pay State visits to Uganda in November 2007 for the Commonwealth Heads of Government meeting, to Turkey in May and to Slovenia and Slovakia in October. We were also pleased to receive President Sarkozy during his State visit to the United Kingdom in March.

My Government remains committed to peace in the Middle East. It has continued to support the Governments of Iraq and Afghanistan to deliver security, political reconciliation and economic reconstruction.

My Lords and Members of the House of Commons: I pray that the blessing of Almighty God may rest upon your counsels.

A Commission was also read for proroguing the present Parliament, and the Lord President said:

"My Lords and Members of the House of Commons: by virtue of Her Majesty's Commission, which has now been read, we do in Her Majesty's name, and in obedience to Her Majesty's commands, prorogue this Parliament to Wednesday the Third day of December to be then here holden, and this Parliament is accordingly prorogued to Wednesday, the Third day of December."

End of the Third Session (opened on 6 November 2007) of the Fifty-Fourth Parliament of the United Kingdom of Great Britain and Northern Ireland in the Fifty-Seventh Year of the Reign of Her Majesty Queen Elizabeth the Second.

Westminster Hall

Tuesday 18 November 2008

[HYWEL WILLIAMS *in the Chair*]

Stroke Sufferers

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mark Tami.]*

9.30 am

Mr. Graham Allen (Nottingham, North) (Lab): It is a great pleasure to serve under your chairmanship for the first time, Mr. Williams, in this important debate. A number of colleagues from both sides of the House are here this morning, some of whom have suffered strokes and some of whom have family members and close friends who have suffered strokes. I am sure that that applies to almost everyone in Westminster Hall this morning.

In my constituency last year, 72 people were killed by strokes. A stroke is a brain attack—the brain equivalent of a heart attack. It is caused by an interruption of the blood supply to the brain, and one in 10 of us will die as a result of a stroke. If we thought of a stroke as a heart attack needing the same emergency and specialist response, followed by sustained treatment, we could save thousands of lives and thousands of years of disability.

In my city, 700 people had a stroke last year. One third of strokes result in death, one third of sufferers recover and one third are left with a disability. Strokes are also the leading cause of severe adult disability. One in four long-term beds in the NHS are occupied by stroke patients. The disabilities resulting directly from strokes are more widespread than those resulting from any other cause, and can blight people's lives for years and even decades.

For many years in the UK, stroke was the poor relation in the health service. The Stroke Association, the work of which I commend, as I am sure will other hon. Members, labelled the United Kingdom as having

> "the unenviable reputation of having one of the worst outcomes for stroke patients in Western Europe."

However, I congratulate the Government on what they have done to rid themselves and our country of that reputation, and the gap is slowly beginning to close.

I have 14 questions, and I have sent them with a copy of my speech to the Minister. If he cannot answer any, I shall be pleased if he will write to me and other hon. Members. First, will he tell us whether we are in fact closing the gap between the UK and western Europe on stroke outcomes, which is one of the strongest measures that we can look for? The Secretary of State has said:

> "we know that if a stroke patient is treated quickly, and the simple things are done right, death rates can be halved and outcomes can be substantially improved.
>
> So we have two clear aims in this strategy: to reduce the number of strokes experienced each year and to ensure that we provide effective acute and follow up care when strokes happen."

Bob Spink (Castle Point) (UKIP): The hon. Gentleman—my hon. Friend—has brought an important matter to the House, and I congratulate him on the way in which he started the debate. I declare an interest because my mother had a stroke about eight years ago and has not said a word since, although she is happy. My son is a consultant neurosurgeon, and deals with strokes.

Early intervention is the key to a decent quality of life after a stroke. If the Queen had a stroke, she would go from a paramedic to a specialist stroke-busting drug within three hours. That is for sure, but why cannot Mrs. Smith in Hadleigh have that same treatment? Will the hon. Gentleman's questions to the Minister include asking him how we can get rid of the postcode lottery and ensure that everyone in this country receives the early treatment that makes all the difference to their lives afterwards?

Mr. Allen: It is always instructive when hon. Members, from whatever side of the House they come, bring personal experience to bear, and that applies to the hon. Gentleman's comment. On the Government's objectives, I will let the Minister explain how the Government have done so far, but if the hon. Gentleman allows me to make my case, he will hear that we now have a strategy, for the first time, on some aspects. I hope that we shall move towards implementation and action on those aspects.

There have been many improvements, even in the past two years. Next month will be the first anniversary of the launch of the national stroke strategy for England. At that time, the Secretary of State said:

> "It has the potential to create a revolution in stroke care."

What a marvellous comment for any Secretary of State to be able to make about any issue—that it will create a revolution if we do it right. He also said:

> "The strategy is constructed around twenty 'quality markers' of a good stroke service covering four key areas"—

I shall cover those four areas this morning. They are:

> "raising awareness and prevention; the importance of rapid assessment and treatment; provision of rehabilitation and care after stroke; and developing the workforce to meet these markers."—[*Official Report*, 5 December 2007; Vol. 468, c. 70WS.]

Although we are only a year on from that publication, there are some good initial signs that stroke care is now being afforded a higher priority by health and social care providers. The most obvious example is that the existing cardiac networks throughout the UK have taken on the additional responsibility of stroke, so there are now 29 stroke and cardiac networks covering the whole of England. In addition, the operating framework for the NHS now identifies stroke as a national priority, and in addition to that, the requirements on primary care trusts are reinforced in the three-year operational plans that they must put forward, which are monitored and performance-managed by strategic health authorities. Implementation of the stroke strategy is a "must-do". It is no longer a Cinderella; it is no longer marginalised; it is no longer on the periphery. It is now a "must-do" at the centre of the operational plans. I am sure that all hon. Members welcome that.

Monitoring will include two key indicators: the number of patients who spend at least 90 per cent. of their time on a stroke unit, and the percentage of patients with higher risk transient ischaemic attacks—mini-strokes—who are treated within 24 hours. When will the information on progress on those two indicators be published so that all of us—MPs, the Stroke Association, stroke patients and so on—will be able to measure progress?

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend give way?

Mr. Allen: I shall gladly give way to my hon. Friend. There are a number of hon. Members in Westminster Hall this morning, and I shall give way generously to any colleagues who wish to intervene.

David Taylor: I congratulate my hon. Friend on securing this one-and-a-half hour debate, during which 25 people in the country will have a stroke, 10 of whom will die. Many of them could be saved, but only one in 20 of those who could benefit from clot-busting drugs will receive them. Improving the provision of those drugs would drive those figures down.

Mr. Allen: My hon. Friend often plays the straight man to me, and he has again fed me the perfect line to take me on to raising awareness and prevention. I agree with the points that he made, and I will reinforce them in my next couple of paragraphs.

More than 40 per cent. of all strokes could be prevented if people kept their blood pressure under control, monitored cholesterol levels, ate healthily, stopped smoking, and took regular exercise. I am not yet on to awareness; I am talking about prevention. The Government have introduced a programme of vascular checks for 40 to 74-year-olds, which I would like to know a little more about. Will the Minister tell me when I, as a 55-year-old, and perhaps others here can expect to receive our personal invitation for a check under that important step forward? Is it possible to use similar techniques to identify and target those with a family history of or a propensity for strokes and give information on how to avoid them, and what they and their families should do at the outset? The first moments when someone detects that a person does not quite look how they did yesterday are crucial. What can we do to get information to the people in families with a propensity for stroke to enable them to see that action needs to be taken really early and quickly? Will the Minister consider the techniques of direct mail and the use of data tracking to ensure that we get to those people much earlier?

Both public and professional awareness of risk factors and symptoms of stroke are frighteningly low. The face, arms and speech test—FAST—relates to some of the key signs to act on early. Someone may notice that a person is not speaking as accurately as they did before, that they have trouble raising an arm or have a slight drooping or tingling of the face. The symptoms of stroke are often not as dramatic as those of a heart attack, in which people may clutch their chest and fall to the ground in agony. However, the symptoms of stroke are of equal importance. If we can act early, we will save thousands of lives and prevent years of unnecessary disability.

It is worrying that people do not know—I admit my own ignorance on this—that when a person has a stroke, they should dial 999 in the same way as when someone has a heart attack. That means that a person suffering a stroke can be treated quickly. I have one small quibble with the fantastic people—those in the voluntary sector and the professionals, who do an incredible job—who have provided some of the information for me on this subject. When we are trying to raise awareness, can we please not use acronyms and medical jargon? We should talk in a way that ordinary people understand, so that they can obtain treatment and help themselves and their families. When we talk about TIAs, coronary heart disease, aphasia, vascular, FASTs and so on, it is little wonder that people are confused. If we keep things simple, we will raise awareness throughout the UK in the same way as awareness has been raised of some of the key symptoms of heart attack.

The issue of professional awareness also needs to be examined. Some 20 per cent. of GPs admit to not referring one in five cases of mild and major strokes to hospital immediately. It is honest of them to say that, but we need to ensure that they are aware of the issue so that they can rectify the situation and save lives. Last year, the Stroke Association invested £500,000 in a press and radio advertising campaign to raise awareness of the fact that

> "stroke is a brain attack".

To implement the kind of sustained wide-ranging campaign that we need to make permanent improvements, the Government must play a role and take the lead, alongside the great work being done by the Stroke Association. I hope that when the Government do that, they will also consider the impact that raising awareness will have because there will obviously be an increased demand on services. I also hope that the Government will consider the impact on stakeholders, including those who offer advice and support to the public, as they may well have a steep increase in requests for their services.

I am pleased to say that my city is apparently doing well in relation to strokes. We are already responding to the national strategy and the Nottingham City primary care trust and Nottinghamshire Healthcare NHS Trust are holding a week-long campaign this week that will encourage people to become more aware of the symptoms of strokes and to change their lifestyle. Nottingham City PCT has commissioned community services, such as the new leaf stop smoking scheme, health trainers, exercise referral schemes and food and cooking schemes to support people at risk in the community and encourage them to be more active and eat more healthily. Lack of exercise and an unhealthy diet are important risk factors for stroke.

A locally enhanced service, which is basically the incentivisation of GPs, has been commissioned with all GP practices to identify and manage patients who are at high risk of cardiovascular disease. I am happy to say that it includes a partnership scheme with the pharmaceutical industry in Nottingham called "happy hearts". That scheme is doing well. The "change makers" project also works with local community volunteers to improve awareness of stroke symptoms and risk factors. So, as a result of Government action and colleagues from all parties repeatedly raising the matter—including a debate that took place around 18 months ago on the Floor of the House—we have progressed from a big national strategy to real projects on the ground. What further plans are there to improve public and professional awareness of stroke symptoms and what people should do at the onset of a stroke? Equally important, what plans are there to make those campaigns sustainable? One-offs are really welcome, but it is also important to have a sustained campaign to change our view and the culture surrounding the treatment of stroke.

I now come to the point already made by my hon. Friend the. Member for North-West Leicestershire (David Taylor) about the need for rapid assessment and treatment.

Time is of the essence when treating stroke. According to the Secretary of State, there is a window of only three hours in which stroke patients must be seen, scanned and treated. For each one-minute delay, 2 million neurons are lost from the brain, yet people who know this subject far better than me say that awareness of stroke is at the level of awareness of heart disease that existed 10 years ago. We still have a lot more to do, but that does not mean we need bags more money—of course, resources are always welcome—but the Royal College of Physicians has clearly stated:

> "we do not necessarily need more resourses just better organisation of what we have already".

Mr. Paul Truswell (Pudsey) (Lab): I congratulate my hon. Friend on securing this important debate. May I give an example that reaffirms what he is talking about and perhaps touches on a point made earlier about treatment being not a postcode lottery but an organisational matter? I am aware of a couple whose experiences were very diverse. The wife suffered a severe stroke and was admitted to a specialist stroke unit. After six weeks, she was discharged having made almost a total recovery, apart from some speech impairment. She had no further episodes. A short time later, her husband was admitted via an accident and emergency department to a geriatric unit and died two weeks later from a second stroke. Does that not exemplify what we are talking about in terms of organisation: one couple and one place, but two pathways and two outcomes?

Mr. Allen: My hon. Friend has put it more eloquently than I can. I am not going to say that everyone will be as right as rain, but if we get to people early and give them the right treatment, they can go on to lead a full and productive life. In essence, during a stroke parts of the brain lose oxygen, which is the source of life for the brain. The longer the brain is left to suffocate, the greater the damage that will take place and the greater chance there is of irreparable damage. Early intervention is really important. My hon. Friend has clearly described the stark contrast between what happens if a stroke is dealt with quickly and what happens if it is not dealt with quite so expeditiously.

Nigel Mason of GE Healthcare goes further than the Royal College of Physicians and says

> "reconfiguring staff and procedures for a daily two-hour immediate access clinic would save lives and generate £42 million savings as well".

We all care about the individuals concerned, but even if we consider the matter purely in terms of a sensible way to manage resources, we can save immense amounts of money by getting it right. There are many other examples of that.

Stroke patients are around 25 per cent. more likely to survive, they make a better recovery and they spend six days less in hospital if they are admitted to a stroke unit, rapidly assessed and receive specialist care from a multi-disciplinary team. The national stroke strategy sets a clear standard to ensure that effective urgent care is in place, including transfer to an acute stroke centre that provides scans and thrombolysis—I hope I have got the pronunciation correct—where appropriate. The medical profession will shriek at this, but, for ordinary mortals, thrombolysis is basically souped-up aspirin. The national stroke strategy also refers to prompt admission to a specialist stroke unit. All those things in a line mean that we have done a great deal to reduce the number of deaths and disabilities arising from strokes. In addition, one of the hopes in the strategy is for more specialist stroke nurses to be available. We are only a year into the strategy, but perhaps the Minister will give an indication of when he hopes to have complete coverage, and when every hospital will have a stroke nurse.

With regard to thrombolysis, which is probably better known to people in the business as clot-buster drugs, the Secretary of State said last year:

> "Right now, less than 1 per cent. of people who have a stroke are receiving thrombolysis. If we can get that number up to 10 per cent., 1,000 people a year would regain their independence, rather than die or be disabled for life. By following the guidelines set out in this strategy, 1,600 potential strokes can be averted through preventive work and a further 6,800 deaths and disabilities can be avoided."

What a prize for something so simple and inexpensive; 6,800 deaths and disabilities could be avoided. Clot-busting, thrombolytic drugs can be the difference between someone leaving hospital on foot and beginning a lifetime in a wheelchair. In Ontario, 37 per cent. of patients get clot busters. Will the Minister bring us up to date on the level of use of clot-busting drugs in this country? The Secretary of State said more than a year ago that it was less than 1 per cent., but I am sure that that figure has improved. Perhaps the Minister will tell us how well we are doing and what the curve is. I do not expect the figure to leap to 37 per cent., but we would like to know what the curve is to ensure that people receive those very simple drugs at the moment when they need them most.

David Taylor: My hon. Friend has moved on to mobility, which is one of the problems that frequently follow a stroke, whether it is a transient ischemic attack or a severe stroke, but is there not a need to do more for those who have a communications disability? I am referring to disabilities relating to speaking, understanding, reading and writing. About 250,000 people have to grapple with such a disability for years and years. Will my hon. Friend commend, as I do, the Leicestershire County and Rutland primary care trust? It has a specialist stroke unit at Leicester general hospital, where stroke victims go, but then they are discharged via two rehabilitation units. One is in Coalville community hospital, which covers the northern part of the county, and the other is at Market Harborough. That type of initiative can help a great deal, can it not?

Mr. Allen: Again, my hon. Friend is absolutely right, and again he is at least five pages ahead of me in my argument. I will come on to some of the issues that he raises. I am very happy to commend the organisations to which he referred. I will speak about those issues later, but next I want to say a few words about scans.

Mark Simmonds (Boston and Skegness) (Con): I, too, congratulate the hon. Gentleman on securing this very important debate. If I may, I should like to follow up the intervention from the hon. Member for North-West Leicestershire (David Taylor) with regard to community care after a patient has been treated in hospital and is back at home. There seems to be great inconsistency across the country. There are some excellent examples of outreach services, particularly in the north-east, which

[Mark Simmonds]

I have seen myself, but that does not seem to be the case everywhere. I hope that the hon. Member for Nottingham, North (Mr. Allen) will come on to that issue.

Mr. Allen: I thank the hon. Gentleman for his comments. Yes, I will come on to those issues, and no doubt the Minister will respond on the patchy nature of provision. We need to look for the trend lines. Is something improving, and is it improving everywhere? Is there convergence in levels of provision? It would be unfair to say in a year's time, "Has this problem been solved?" Of course it will not have been, but colleagues on both sides of the House will hope to see the trend lines going in the right direction.

Why do we do scans? I understand that the main reason is to exclude the other cause of strokes, which is a bleed in the brain. Clearly, we do not want to administer clot-busting drugs if the cause is a bleed, and a scan will immediately eliminate that possibility. The National Institute for Health and Clinical Excellence recommended in July 2008, just a few months ago, that a brain scan should take place within one hour of someone being admitted to hospital. The strategy emphasises the need to improve access to scans and stipulates that brain imaging should be performed in the next scan slot, or within 60 minutes of a request out-of-hours. In 2006, only one in 10 people were scanned within three hours. We need a tight target to make scans available 24/7. Any unit unable to deliver scans by a particular time should not be called a specialised stroke unit. I hope that the Minister will consider that. In Sweden, 100 per cent. of those who need a scan get one, and we should aspire to that in this country. Will the Minister tell us the percentage of scans in the UK and in my own city of Nottingham, and by what date we aspire to reach 100 per cent.?

Bob Spink: The hon. Gentleman is being most generous in giving way. Does he agree that the ambulance service has a part to play, as it is not just a question of getting someone to a hospital—any hospital—as quickly as possible; it is a question of getting someone, even if it takes 15 minutes longer, to the right hospital for specialist treatment of their problem? If someone gets into a hospital and then has to be transferred to another hospital to have that work done, valuable time is often lost.

Mr. Allen: The only difficulty with the hon. Gentleman sitting immediately behind me is that clearly he is looking over my shoulder at what my next paragraph is about. He makes a very pertinent point, which runs on from the one about scans. We need to get people in the right place to have the scan. All local stroke networks should ensure that patients who could benefit from urgent care are transferred to an acute stroke centre that provides 24-hour access to scans and other specialist stroke care.

In Nottingham, ambulance staff all use FAST—the face, arms and speech test—to identify emergency stroke patients. The Secretary of State said last year:

> "We are consulting about upgrading strokes from category B to category A events so that ambulances arrive within nine, rather than 18 minutes."—[*Official Report*, 11 July 2007; Vol. 462, c. 1484.]

For the Department to consult on a nine-minute difference shows how important the Secretary of State and the Department consider the matter. Will the Minister tell us whether that review—that consultation—on changing the category from B to A has been completed and what the outcome is? Those minutes really can be the difference between life and death for many hundreds of people.

While I am talking about the way in which things are done in Nottingham, I will, if I am permitted, make a small boast. Nottingham university hospitals stroke services have been shortlisted for the forthcoming *Health Service Journal* awards in the "improving access" category for their work on TIA and hyper-acute services. There are four stroke units in Nottingham—one acute stroke unit and three rehabilitation units—and a system of virtual beds means that a bed is highly likely to be free for those patients who are FAST-positive. The stroke services are centralised in a 72-bed unit on the City hospital campus. There is direct access to the stroke unit through agreed protocols with the ambulance service. In other words, ambulance staff can drive by other medical facilities to go to the right place. That is not only permitted but encouraged. Thrombolysis—I keep getting my tongue twisted round that one—is available Monday to Friday from nine to five. That is excellent, but we need to be greedy. We need to say that it has to be available 24/7. Strokes happen at the most inconvenient time and they also happen at weekends. We have a daily one-stop clinic for high-risk minor strokes and acute care and rehabilitation were located in one unit in response to patient feedback.

I now come to a number of points raised by colleagues. The third part of my argument is about the provision of after-stroke rehabilitation care, which my hon. Friend the Member for North-West Leicestershire mentioned. As I discovered in a debate on incontinence last year in Westminster Hall—I think that you may have been present, Mr. Williams—when it comes to NHS matters, treatments and state of the art technologies are not the problem. The problem is that in soft skills and empathetic aftercare, medical culture requires serious transformation. That is the hardest thing to do, but it is at least as important as the medication, surgery and all those other things that we are so good at.

According to the Healthcare Commission, one year after leaving hospital, 80 per cent. of stroke patients think that they are not receiving adequate care. There is no magic wand and no one expects the Minister to pop up and suddenly deliver an answer to the problem. It needs lots of hard work, grinding organisation, staff training, supervision—all those things that are criticised under the general heading of bureaucracy. To make the health service work for an individual patient who has suffered something life changing, whether incontinence, a stroke or something else, we need the human interaction that, in many cases, makes life worth living. That must be examined and worked on over and over again.

Seven of the 20 new national stroke strategy quality markers are directly linked to the support and community services needed by those who have suffered a stroke and their carers. They include high-quality rehabilitation, information, advice and the practical and peer support that colleagues have mentioned. Such support should be provided throughout the care pathway and in line with individual need. There is no one-size-fits-all solution. For my next question, will the Minister tell us how we secure effective discharge planning that is built around the needs of the individual?

David Taylor: Can I insert subsection (a) to that question, unless it is down as the next question on my hon. Friend's list? As part of rehabilitation after discharge from hospital, the stroke unit or a community hospital, does my hon. Friend agree that stroke clubs are important? People get a great deal from such clubs, which are often run by volunteers, stroke victims, families and carers on a shoestring. Such clubs play an important part in getting people back on to their feet with greater confidence. Many MPs visit stroke clubs. I have the good fortune to be the president of Ibstock stroke club, and I know how valuable the work done by it and similar stroke clubs is for the process of rehabilitation and recovery.

Mr. Allen: I know from reading up for this debate and from past debates, how committed my hon. Friend is to this topic, and the effort that he has put into it over many years. I agree with him, and I will come on to say a few words about stroke clubs and the difference between them and communication support groups, which are also very important.

As part of the stroke improvement programme, there is a central national team—I am pleased to say that it is based in the east midlands—which supports the development of the 29 local stroke care networks I mentioned. In Nottingham, a well-established partnership works across the local health and social care community through the stroke services strategy group with representation from the Stroke Association and an excellent relationship with @astroke, the local patients forum. There are also strong local research links with the university. Professor Marion Walker and Ossie Newell, a stroke survivor, were winners of a local media "reach out" award for their work in developing research and rehabilitation programmes for people who have had strokes.

My next question is about rehabilitation. NICE recommended 45 minutes of rehabilitation a day. Does the Minister know when that target is likely to be met? What steps are we taking towards it? As part of the national stroke strategy, the Department of Health published a local authority circular last May entitled, "Demonstrating how to deliver care for adults in the community." It stated that councils with adult social services responsibilities in England receive funding to deliver long-term stroke care for adults in the community, and it encouraged more joint working between health and social care providers. That is important to enable stroke survivors to receive a seamless transfer of care from the hospital to the community, and to ensure that they receive the support they need for as long as necessary.

Does the Minister know specifically whether information about how that grant is spent by local authorities will be made public, so that we can see the implementation of the stroke strategy as it unrolls and overall monitoring can take place? The money is apparently ring-fenced, and we must ensure that it stays that way. The funding, however small, must be sustainable—I do not know how many debates in Westminster Hall I have attended where I have said that. Quick bursts of activity for one year or for three, are often worse than useless. I would prefer to have smaller amounts of money sustained over a longer period, so that people know where that central core of money is and can build around it.

Colleagues from all parties have mentioned community services. A particularly pleasing part of the new strategy are the references to the value of communication support groups for stroke survivors. The Stroke Association has pioneered work in that area with its "Lost without words" campaign. Communication difficulties include aphasia and speech impacts, which affect approximately one third of stroke survivors. Without support, survivors can experience problems including depression, isolation and an inability to return to work. Currently there are no communication support services in the Nottingham area. The group Aphasia Nottingham aims to help, but it is entirely voluntary and receives no statutory funding. However, there is a real need for that service in Nottingham.

At present only 12 per cent. of stroke survivors in England have access to communication support groups organised by the Stroke Association. That figure is even lower in my area, which I share with my hon. Friend the Member for North-West Leicestershire. Historically, there have been challenges to the discharge of stroke survivors back into the community, thereby creating bed blocking. Nationally, a community stroke team is in place, and from January next year, there will be a system of early supported discharge, which should help to address that problem. Nottingham City primary care trust is currently recruiting a team for that system.

Community care for stroke survivors is fragmented. The level of care that someone receives seems to depend on the area in which they live. In Nottingham, adult social services care for stroke survivors, and a 12-week programme called Stroke Ability is heavily exercise-based and has elements of prevention and awareness work. As my hon. Friend said, there are a number of stroke clubs in the area. From next year, a further family and carer support service in the south of the county will be funded by new local authority funding to help people with the transition from hospital to home. It is imperative that the Government encourage local authorities and PCTs to take account of the communication support needs of stroke survivors in their communities, and ensure that they keep that money ring-fenced for stroke-specific services.

Finally, the National Sentinel audit of stroke care by the Royal College of Physicians has proved an extremely useful tool for monitoring the implementation of standards and service improvements in the acute sector. However, there has not been a similar focus on monitoring community services. The Healthcare Commission's patient survey 12 months after discharge from hospital was published in 2006, and gave an excellent snapshot of the standard of care and support for stroke survivors in the community. For my 13th question—there is just one more before I sit down—may I ask the Minister whether further surveys along those lines or an extension of the Royal College of Physicians auditing process into community care will be undertaken?

My final and briefest question is about the development of the work force to meet the markers that the Secretary of State mentioned when announcing the strategy. In Nottingham, we have a stroke training programme for all staff working for the stroke service, and we have one of the 10 Government-funded medical stroke specialist training posts. However, although the funding is welcome, again it is non-recurrent. We need specialist staff with stroke knowledge and skills, and Department of Health training for an agreed competency framework. When will that framework be ready and how will it be managed? Will units receive accreditation for providing different

[Mr. Allen]

levels of specialist care? How much sustainable support are the Government providing to all levels of stroke care staffing?

I hope that I have been generous in accepting interventions to allow a large number of colleagues to contribute, and I apologise for taking up a lot of time. I believe that the Government are to be congratulated heartily on putting in place an excellent, although long overdue, stroke strategy. People who care about this subject, from all parties, inside and outside this House, campaigned for it for a long time. We must now put stroke awareness high on the agenda and ensure timely and urgent treatment to improve the quality of life of people suffering the after-effects of a stroke. I hope that this debate gives the Minister an opportunity to tell us what progress has been made since the national strategy was announced and what milestones he hopes can be achieved over the next year. The key message that I have received in putting together this debate is that it is not so much about money, but about organisation. As with so much public policy, if we choose to intervene early, the impacts will be cheaper, more effective and, in this instance, will save many lost and broken lives. I thank you, Mr. Williams, for allowing me to make my case at some length.

Several hon. Members *rose—*

Hywel Williams (in the Chair): I wish to start the wind-up speeches at 10.30 am. I hope that hon. Members will bear that in mind, so that everyone can get in.

10.12 am

Mr. Andrew Turner (Isle of Wight) (Con): I congratulate the hon. Member for Nottingham, North (Mr. Allen) on securing this important debate. If others bring to it as much wisdom as he has, we will be tremendously privileged.

I am pleased to take part in this debate, particularly because almost two years ago I suffered a serious stroke. It is often said that every stroke is different, but still I would like to say a few words about my experience. When I first came round in hospital, I was in a pretty bad way. Two friends were there with my partner, Carole, and one leaned over me and said, "Don't worry, your solicitor and your undertaker are here". I am very glad to say that I did not need either of them professionally, but I did, in those first few weeks, have to learn, almost from scratch, how to function and communicate again.

I could not walk properly, so physiotherapists worked with me to restore my movement. My vision was affected. For a while, I could not judge distances, and I kept bumping into things. Over and over again, I had to use flash cards to help me to remember the words for dog, horse, cat, cow and so on. I have paid tribute before to the staff of St. Mary's, my local hospital, and am pleased to do so again, for the excellent care that I received. I know I am very, very lucky. I have recovered from my stroke well and medical tests show that I am at no greater risk of another stroke than anyone else of my age—indeed, I am at less risk than many people.

I am sure that other hon. Members will make valuable contributions about the medical needs of stroke sufferers, but I shall raise a slightly different issue. I was in hospital for six weeks. After I was discharged, I needed no further medical treatment, although I did receive a fortnightly hour of speech therapy. In many areas, even that is not available owing to a lack of qualified therapists. That support was invaluable to me, but equally important was the experience of simply talking to lots of different people, and the mental stimulation that that brings.

As I said before, I was very lucky. My movement came back relatively quickly, and I could get out and about and meet people. It must have been trying for them, sometimes, because I could not always find the words I needed to get my ideas across. Almost one third of stroke sufferers are left with some kind of communication difficulty—it is called aphasia, and it is a hidden disability. I looked all right, my mind was functioning as it always had, my thoughts were in perfect order, and I was still the same person, but my brain sometimes let me down in getting the correct words out in the right order.

Aphasia has been likened to a filing cabinet falling over and all the files getting mixed up. The filing cabinet in my brain is now getting itself in order, but sometimes I still cannot find the exact word that I need when I need it. If that ever gets me down, I think of the blindness overcome by the right hon. Member for Sheffield, Brightside (Mr. Blunkett) or the silent world of Lord Ashley, who was so effective despite being completely deaf, and I remember that things are not that bad. Before my stroke, I could make a speech like this off the cuff, but these days I need to use notes—although, actually, I have found that having to think before opening one's mouth is not necessarily a bad thing for an MP, and I commend it to colleagues in all parties.

I had the support of friends and family and was able to get out and about. As I am well known on the Isle of Wight and islanders are a friendly lot, I had plenty of people to talk to, but not all stroke sufferers are so blessed. Many are elderly and live alone. Aphasia makes them lose confidence, which makes it even harder to communicate. That is where the voluntary organisations come into their own. The Isle of Wight is home to just 130,000 people, but they have lots of voluntary support, including from the Stroke Association, the stroke club and Different Strokes, which do an amazing job. They provide the information that people need about every aspect of life following a stroke.

Such voluntary organisations arrange weekly exercise classes and events where people can meet others experiencing the same problems. They provide a forum where people can get the mental stimulation that they need from talking to other people without embarrassment. Quite simply, they make people realise that they are not alone, which is a great help. Such voluntary organisations gave me enormous support, and I thank everyone involved on the island. There are too many individuals to mention, but it is humbling that so many people willingly give up so much of their free time to help others.

Without the help and support of so many islanders, I simply would not be here today. I could have simply given up, but with so many people willing to help me to get well again, that was never really an option. However, the first time that I stood up to speak in the House after my stroke was a most terrifying experience.

My plea is for everyone to recognise and applaud the work that the charitable organisations do in helping people on the road to recovery. The support that they give can improve confidence and independence. It can overcome isolation and depression and improve communication skills. It is not the job of the national health service to provide someone to whom victims can talk. I know from experience how important talking is to recovery. The greatest help that can be given to many sufferers is the opportunity to communicate, and to practise talking so that they can build up their speech again. It is something that charities do very well, but it is also something simple that anyone can do.

I would never have chosen to have a stroke; however, I have learned a great deal from it. I hope that I can use that knowledge to bring an extra dimension to my life.

10.21 am

Mark Williams (Ceredigion) (LD): It is a particular pleasure to serve under your chairmanship, Mr. Williams. We are indebted to the hon. Member for Nottingham, North (Mr. Allen) for raising this very important debate. However, I am sure that he will understand when I say that tributes should be directed to the hon. Member for Isle of Wight (Mr. Turner) for his contribution. The test of time will show that he has been an inspiration to many thousands of people who have had the same experience.

I represent a Welsh constituency, so the responsibility for Government policy that affects my constituents is a matter for the Welsh National Assembly, and I am reminded by the Chair not to stray into devolved matters. Like the hon. Member for Isle of Wight, I want to spend a few minutes talking about the invaluable work of the voluntary sector and, in particular, of two or three organisations with which I have had the privilege of working over the past couple of years.

The hon. Gentleman said that we cannot build rehabilitation services without the voluntary sector. We have heard a lot about the Government's laudable 10-year strategy and the contribution that social services departments make, but we must also acknowledge the work of the voluntary sector; without it, the lives of many thousands of people would be considerably worse. It has risen to meet the challenges mentioned earlier. For example, strokes are the third most common form of death in the United Kingdom, accounting for 9 per cent. of the deaths of men and 13 per cent. of women. The Aberystwyth and district stroke club in my constituency has 60 members, 40 of whom have had strokes. Many carers attend the meetings. We have not heard a huge amount about the carers and the unique advice and support that should be directed toward them.

The Aberystwyth and district stroke club was borne out of frustration with the lack of provision, yet, in its 20-year history, it has never received any public funding. A similar such point was alluded to by the hon. Member for North-West Leicestershire (David Taylor). The club has been reliant on the generosity of businesses and local residents to keep it going. It offers important confidence-building services, weekend breaks and help for people who may not have the chance or the resources to get away. It runs a bus, which is funded by the lottery's "awards for all" scheme, which costs between £4,000 and £5,000 a year. However, more importantly, it enables stroke victims to meet other people in the same position as themselves—people who are some way along the path to rehabilitation, and who can offer the wisdom of their experience.

A central focus of the debate so far has been the need for immediate care and diagnosis. Everybody in this Chamber will agree with that goal, which has been raised by the Aberystwyth and district stroke club. Many of its members have had to wait 24 or 48 hours for a scan.

Like many others here, I represent a rural constituency. If we put into that context the misfortune of suffering a stroke and mix it with living in some of the most isolated and scattered communities in the country, it is a frightening experience. Ambulance times are already challenging. I ask the Minister to comment on the role of telemedicine throughout the country. The service has been pioneered in my constituency in Bronglais hospital, in Aberystwyth, and plays an invaluable role in assisting early diagnosis. It brings the expertise that may be available elsewhere into more scattered communities—a point made by Professor Boyle in his analysis.

We were disturbed to hear the story from the hon. Member for Pudsey (Mr. Truswell) about the couple in his constituency. We need to remind ourselves that recovery from stroke can be an incredibly long-term process; 25 per cent. of all long-term beds in hospital are occupied by stroke patients. We need to ensure that support is available in hospital and that the voluntary mechanisms are in place to enable people to have the moral support and encouragement to make the long journey to full health.

I applaud the Government for their announcement about the ring-fenced money, but I echo the views of the hon. Member for Nottingham, North about the need for us to monitor where that money is going and to ensure that our social services are delivering the services that we and the Government expect of them. For those who are able to live at home after suffering a stroke, the support provided by the voluntary sector is invaluable. I know that we are only a year into the strategy, but will the Minister tell us whether an early appraisal has been made of the adequacy of the ring-fenced funds?

Some voluntary groups have raised real concerns about the grants and funding made available to them. Positive Action for Stroke, which is based in my constituency, has had real difficulty obtaining funding. The Progressive Action Group in Aberystwyth faces similar concerns. I hope that the Minister will reflect on the importance of voluntary organisations in helping those who have had strokes, even if he cannot get into the nitty-gritty of the funding. Some public bodies have been reluctant to fund voluntary groups when lottery funding has not been available, and it has been a great challenge to find alternative sources of funds. If the Minister pointed the voluntary groups in the direction of funding, that would be very welcome.

I want to emphasise the importance of the services that voluntary groups offer. Progressive Action arranges what it calls "fun activities", such as computing and arts and crafts. However, such activities also help stroke victims to return to the employment market. We have heard about the depression faced by many stroke victims. Again, in a rural constituency, that should be seen in the context of rural isolation, the feeling that one is not getting the services to which one is perhaps entitled, compounded by the health condition that has to be endured.

[Mark Williams]

The ability to have organised breaks and activities allows people to be much more active than they might otherwise be. We are all aware that activity and dialogue, which the hon. Member for Isle of Wight mentioned, are integral to recovery. Such activity also ensures that victims can redevelop motor skills. The care is delivered as part of a care package, but once that time in hospital has ended, the recovery process can go on for many months and years. Having help and support outside the hospital environment is extremely valuable in aiding recovery. It is also very beneficial for people to be able to make new friends, and to meet those who have had similar experiences and been through the same process.

The hon. Member for Nottingham, North put his case very concisely. I, too, believe that part of the emphasis should be on the importance of raising awareness to prevent strokes. However, as the hon. Member for Isle of Wight said—my contribution is humble compared with his—it is important to recognise the work done by the voluntary sector in providing assistance to those affected by strokes.

I want to finish by praising the work of our health professionals. We have talked about developing skills and expertise in our hospitals. We have all had our family experiences in these matters; mine involved a dear aunt. I remember the fateful phone conversation when her husband told me that she had suffered a stroke and had lost the power of speech. She was a chatty, enthusiastic and vibrant individual who did a huge amount for her community: then—stop. Two years on, she has recovered her power of speech and is as active a member of the community as she used to be. That is no small tribute to her abilities and enthusiasm, but also to the health professionals who have helped her so much, and to the voluntary sector.

10.30 am

Greg Mulholland (Leeds, North-West) (LD): I congratulate the hon. Member for Nottingham, North (Mr. Allen) not only—nor most importantly—on securing the debate, but on the speech that he made, and the many points he put to the Minister. I pay tribute to his work and that of members of the all-party group, and I want to echo his comments, which were widely applauded around the Chamber, about the vital and wonderful work of the Stroke Association. The number of questions in the hon. Gentleman's speech went up from 13 to 14 by the time he delivered it, so presumably he came up with another one overnight; he has helpfully shared his speech with us. I think that we all agree that if the Minister can answer the 14 questions, today and on a continuing basis, we shall be much closer to assessing our progress in the past year.

It is a pleasure to follow my hon. Friend the Member for Ceredigion (Mark Williams) and to hear something of his personal experience of the issue—something that has echoes around the Chamber, whether the experience is personal or whether it concerns constituents, as in the case raised by my neighbour, the hon. Member for Pudsey (Mr. Truswell).

Mr. Truswell: I just want to correct a misconception. The case that I quoted did not concern constituents. To be honest, it was my mother and father.

Greg Mulholland: That was my mistake. I thank the hon. Gentleman for that correction.

I want to echo the comments of my hon. Friend, and I pay tribute, too, to the hon. Member for Isle of Wight (Mr. Turner). It was incredibly humbling to hear of his personal experience, as well as enormously informative for us all. I think we all want to thank him for sharing it, and for his contribution to the debate. I reiterate what has been said about his being an inspiration to many people who have suffered strokes, in showing what people can do and how they can come back from a stroke. The way in which he has served his constituents is a tribute to him. The hon. Gentleman also made an interesting point when he mentioned the wisdom of thinking before we speak. Many hon. Members should remember that—and I certainly do not exempt myself from that group.

I had a vivid reminder about strokes a few weeks ago, when the mother of one of my best friends unfortunately suffered a severe stroke. She was in the highlands of Scotland and it was only thanks to the response of the air ambulance, and the wonderful medical care that I am delighted to say she received, that she is still with us. She is now recovering. It is a slow recovery but she is making good progress.

As we have heard, the effects of stroke can vary enormously. Stroke is the third biggest cause of death in the UK—there are about 50,000 such deaths every year—and the largest single cause of disability. Each year, 110,000 people in England alone suffer a stroke. Stroke affects more women than breast cancer. It is estimated that the overall costs of treatment for strokes and related and subsequent disabilities is a staggering £2.8 billion a year. As we have heard in eloquent speeches from the hon. Member for Nottingham, North and other hon. Members, the debate is important because we must ensure that care of the best quality, including consistent access to treatment, is available for those who suffer strokes, but also because of the need for prevention. That is why the Liberal Democrats warmly welcome the national stroke strategy, which was published in December. The chief executive of the Stroke Association, Jon Barrick, described it as

> "a momentous opportunity to transform the outcomes and lives of stroke survivors."

What the debate is about—as I am sure we would all agree and the Minister would acknowledge—is checking that we are taking that momentous opportunity, and seeing whether people are receiving better care than they were 10 months ago.

The initial signs are that some progress is being made. Even before the strategy was announced, 97 per cent. of hospitals had a stroke unit, and more than 90 per cent. of stroke units providing acute care had access to brain imaging within 24 hours of admission. That is a big increase—82 per cent.—since 2004, and is to be commended. However, there are certain points that we need to examine, and the audit this year by the Royal College of Physicians found that only 45 per cent. of hospitals could meet the recommendation made in the strategy that high-risk patients who had a transient ischemic attack or mini-stroke—and I share the wish of the hon. Member for Nottingham, North to use ordinary phrases that mean something to people—should be examined and treated within 48 hours. Given that the Stroke Association has pointed out that meeting that one target could result in an 80 per cent. reduction in the number of people going on to have a full stroke, the standard is one that needs real focus both now and as the strategy progresses.

A requirement has been placed on primary care trusts to set out their plans for improving stroke services for 2008-09. The House should welcome that, and monitor it. However, the Stroke Association has voiced concern that an absence of national targets and time scales for those targets in the strategy may affect progress. It is important to say that some strategic health authorities have gone further than the strategy specifies, and have included a timetable for the implementation of selected recommendations, but serious consideration should be given to setting a timetable across the board for implementation of the targets, so that we can achieve the speed of change that we need, and be confident that people are getting consistent access to services in all areas. Good progress has been made, which is enormously encouraging, and we all welcome that. I want to ask the Minister whether we can examine progress annually. Today's debate is useful, but we should continue to monitor what happens.

Most of the debate today has rightly focused on issues such as prevention and acute hospital treatment and care, but the speech of the hon. Member for Isle of Wight in particular dealt with the huge importance of long-term care and community support following a stroke. The importance of effective long-term care and the need for stroke sufferers to be active participants in their treatment has been well documented. According to the Stroke Association, only about half the individuals who have experienced a stroke receive the rehabilitation that they need in the first six months following their discharge from hospital. In the next six months only one in five receive the help, support and treatment they are deemed to need. That is something on which the strategy should focus, and I hope that the Minister will agree.

One of the most important issues in the debate is embodied in one of the figures that has been quoted: 40 per cent. of strokes can be prevented. The importance of awareness of strokes cannot be overestimated. One concern is that polling by the Stroke Association found that one in five GPs do not refer about 20 per cent. of cases of mini-stroke. Just over half of GPs said that they would refer someone with a suspected stroke immediately. A concentrated effort must be made to ensure that strokes are regarded as nothing short of a medical emergency, in which time is of the essence, and that all treatment is recommended with that in mind. I am aware that NICE and the Royal College of Physicians recently published guidelines, and I hope that there will be a concerted effort across the board.

I pay tribute to the Government for the £12 million that is to be invested in the next few years in awareness activity. That is a common-sense thing to do, considering the enormous cost of £2.8 billion that I have already mentioned. I should like an assurance from the Minister that any public awareness campaign will take account of the needs of some ethnic minority groups that are at greater risk of strokes, and of the possibility that it may be more difficult to reach those groups. Finally, there is a need for more research. The Stroke Association funds £2.5 million of research, and we must always look for ways to improve what is done.

To conclude, this has been an excellent debate. It could not have been more timely and I do not think that it could have been more informative or constructive for all of us. I simply urge the Minister to allow us all to continue to contribute to monitoring the progress of this very important and very welcome strategy, and I look forward to hearing his response to the debate.

10.39 am

Mark Simmonds (Boston and Skegness) (Con): I am pleased, Mr. Williams, to see you in the Chair.

I want to reiterate the comments of other hon. Members in congratulating the hon. Member for Nottingham, North (Mr. Allen) on securing this important debate. I also want to congratulate him on the very comprehensive and detailed way in which he introduced this significant topic. He set out very clearly the importance of ensuring that the Government maintain the momentum that has been generated recently, first by the National Audit Office report, then by the Public Accounts Committee report and finally by the stroke strategy, which was released roughly a year ago. I thought that he made his points in a very constructive and thoughtful manner, and hopefully the Minister will respond in a similar vein.

The hon. Gentleman was right to congratulate the Stroke Association, which does fantastic work in this area. I will not repeat them, but he was also right to highlight the four key markers that the Government set down. He was also correct to summarise the four distinct areas—the patient pathway—of awareness, diagnosis, treatment and subsequently community care and rehabilitation. If all those areas are addressed, that will make a significant difference to patient outcomes. The Minister will probably not have time to answer in detail all of the 14 questions that the hon. Gentleman put to him today, but I am sure that he will respond in writing to the hon. Members who are here with answers to all of those excellent questions.

I also must say to my hon. Friend the Member for Isle of Wight (Mr. Turner) that his contribution today was exceptional and inspirational, and I am delighted to see that he has clearly made a full recovery and is back on full form, both in articulation and humour, which is very good to see. He was absolutely correct to highlight the important contribution of the charitable and voluntary organisations, particularly in rehabilitation and community support. He was also right to ask all of us, irrespective of our party political persuasions, to thank and congratulate the people involved in those organisations. As an additional question, it would be helpful if the Minister would address the point made both by my hon. Friend and by the hon. Member for North-West Leicestershire (David Taylor) about the potential to fund or assist charitable and voluntary organisations in the community and rehabilitation aspects of their work.

We heard, too, from the hon. Member for Ceredigion (Mark Williams), who raised the important issue of the contributions of the voluntary and charitable sector. Furthermore, he stressed the overriding importance of people who have experienced strokes meeting others who have gone through a similar experience, if only to ensure that those people understand that they are not

[Mark Simmonds]

alone and that they are not unique in their experience of stroke. The hon. Gentleman was right to highlight the problems that are exacerbated in large rural constituencies. I, too, represent a rural constituency—the Lincolnshire constituency of Boston and Skegness—and I suspect that we have problems that are similar to those that he faces in north Wales. I sometimes think that the Government do not necessarily address the needs of those who represent physically great but sparsely populated rural areas and provide the requisite funding, although that is not the specific issue that we are debating today. The hon. Gentleman was also right to praise health professionals who are involved in stroke care.

Of course, there is cross-party support for the enhancement of stroke services, particularly those that improve patient outcomes and survival rates, although it must also be said that, despite the stroke strategy, we still have fairly low survival rates in the UK in comparison with some other EU countries. Nevertheless, we recognise and welcome the progress that has been made since the publication of the stroke strategy, particularly in the development of stroke networks. However, it was a shame that it took the Government so long to produce that strategy, and I suspect that they did so only in response to the highly critical reports from the NAO and the Public Accounts Committee.

Despite all the evidence that care in a specialist stroke unit increases a patient's chance of survival and recovery by 25 per cent. and reduces their stay in hospital by six days, in 2006 just 15 per cent. of stroke patients were admitted to stroke units on the day of admission. I accept and acknowledge that that is a slightly historic statistic. However, it would be helpful if the Minister could update it, either today or subsequently, particularly in the context of the overriding importance that is now correctly attributed to stroke and stroke care, both in the operating framework, which identifies stroke as a national priority, and in the primary care trusts' operational requirements, which was a point quite rightly made by the hon. Member for Nottingham, North.

There are some background statistics that I briefly want to put on the record, because some of them are worrying. The national audit by the Royal College of Physicians this year showed that only 45 per cent. of hospitals were able to meet the target in the stroke strategy of investigating and treating high-risk patients with transient ischemic attack, or TIA, within 24 hours, and yet that is clearly one of the key methods of identifying patients at risk of stroke and preventing patients from going on to have a full stroke.

Fast access to stroke units and fast treatment is a key to a patient's survival, whether that treatment is the CT scans that were mentioned earlier or the three-hour time limit for thrombolysis. These two methods of treatment must be linked, as the hon. Gentleman pointed out, so that the thrombolysis is not administered to patients who would not benefit from it or to patients to whose health it would be detrimental. One statistic that has already been given is from Sweden, and it is absolutely startling compared with our own performance here in the UK; in Sweden, 100 per cent. of stroke patients have access to a CT scan within 24 hours.

A quarter of British hospitals have no specialist stroke nurse and only 22 per cent. of hospitals have an early supported discharge team. Specialist teams working in a multidisciplinary framework are best placed to improve outcomes and reduce mortality. Last year, I visited the North Tyneside general hospital near Newcastle, which has a fantastic specialist stroke team. That team not only works in the hospital but goes into the community, with outreach workers and specialist nurses. I very much hope that that the Minister will ensure that that model is rolled out across the UK.

One of the disparities that seems to exist between statements made by the hon. Gentleman and the previous Government announcements relates to the population screening that the Prime Minister announced in January. It was clear from the Prime Minister's announcement that the screening would be whole-population screening with cardiovascular checks, which would also include looking for tell-tale signs of a stroke. It would be interesting if the Minister could say, first, whether or not the funding has been provided to support that whole-population screening and also whether or not the clinical evidence supports that type of screening, or is the hon. Gentleman correct that screening should be limited to those between the ages of 40 and 74?

We also support the "hub and spoke" strategy for specialist stroke centres. Clearly, there is a direct correlation between specialist stroke centres and better patient outcomes and survival rates; in those centres, patients are scanned and given thrombolysis if appropriate and necessary. However, that does not necessarily mean that there should be closures of small stroke wards in local hospitals. Indeed, Manchester is perhaps the best example of a good system; in the local service plan for Manchester, a hyper-acute unit has been proposed, where all stroke patients would be taken for the initial scan and treatment, before they are referred back to their district general hospitals for treatment to be continued and for subsequent treatment in the community.

In the remaining few minutes, I have just a couple of additional questions for the Minister. Again, if he does not have time today—I clearly understand that this is the hon. Gentleman's debate—it would be helpful if he could write to me. For example, how much of the funding pledged for the stroke strategy has been delivered? How many of the stroke centres to date have achieved all 20 quality markers for a good stroke strategy? I assume that not all of them have achieved that target and, if so, what is the time scale for enabling all stroke centres to achieve it? Would the Minister also say a little about the awareness campaign that will begin next year? Has thought been given to the fact that it may stimulate additional demand, and does the NHS have the facilities and sufficient capacity to deal with such additional demand? Furthermore, what are the Government doing to support the communication needs of people who have suffered a stroke? That point was quite rightly made by other hon. Members.

I also want to reiterate two key points made by other hon. Members; again, if the Minister does not have time to address them today, he and his team at least need to think about them. The first point is about awareness, including public awareness of stroke. A recent NOP poll demonstrated that there is both confusion and ignorance about the signs of stroke. Promoting awareness also includes the important factor of GPs. I was very concerned, as other hon. Members were, when I saw the statistic that about 20 per cent. of patients who go to GPs with a TIA are not referred on. The second key issue that hon. Members have raised, which the Minister will want to address, is the concern about ring-fenced money going to local authorities. That money has clearly been used, in some instances, for purposes for which it was not intended. That issue needs to be looked at, because it could have a detrimental impact on stroke care.

In conclusion, we spend more on stroke services, as a nation, and there is rightly an increased focus on them, but we still have worse outcomes than comparable European nations. We should adopt more of the recommendations of the National Audit Office and the Select Committee on Public Accounts to enable our dedicated and hard-working stroke physicians, nurses and associated health care professionals to improve the quality of stroke care in the shortest possible time.

10.50 am

The Minister of State, Department of Health (Mr. Ben Bradshaw): First, I congratulate my hon. Friend the Member for Nottingham, North (Mr. Allen) on securing the debate on this important subject. Secondly, I apologise that the Under-Secretary of State for Health, my hon. Friend the Member for Brentford and Isleworth (Ann Keen), who leads on stroke policy, could not be with us this morning due to two long-standing ministerial engagements.

I calculate that to answer 14 questions in nine minutes I will have to spend only about 35 seconds on each of them, so I shall throw aside the usual niceties of going through the history of the issue, as other hon. Members have done that. I shall not go into why we have a new stroke strategy or the importance of stroke, because those issues have been discussed so eloquently, not least by the hon. Member for Isle of Wight (Mr. Turner) in his moving and effective testimony.

I shall move straight to answering the questions that have been asked. On awareness, my hon. Friend the Member for Nottingham, North will know that a major awareness campaign is planned for the spring. It will include the face, arms, speech approach that he advocates, as well as stressing the importance of dialling 999. It will be along the lines of the successful British Heart Foundation campaign that many people will remember from the past year or so, which used posters and advertising of great impact on our streets and buses.

On prevention, my hon. Friend will be aware that we have asked primary care trusts to begin rolling out, from April 2009, vascular checks for the whole population aged between 40 and 74. As for when he can expect his check, in his local area, we expect the full system to be up and running by 2012-13. He has said that his area already has good practice and a good model, so he might get his check a little earlier. It is not only people's risk of heart disease, stroke and kidney problems that will be assessed. The system will also work on the preventive messages on lifestyle and public health that he has rightly identified as being important. Those issues are the same as those for heart disease, and include smoking, obesity and physical exercise. Where necessary, people will be recommended courses on weight management and even cookery, assistance with smoking cessation, exercise classes and walking clubs. My hon. Friend is right to say that prevention is very important.

My hon. Friend is also right to stress the importance of rapid response, including the use of thrombolysis. That is recognised in the strategy, which is clear about the importance of acting quickly in the event of a stroke. It recommends the immediate referral for assessment of all patients with recent transient ischaemic attack—I, too, hate the acronym—or minor stroke. Those with a higher risk of subsequent major stroke will be assessed within 24 hours. For those with major stroke, the strategy suggests immediate transfer to a centre that provides hyper-acute services.

On clot-busting drugs, my hon. Friend asked where we were on the roll-out of thrombolysis. The National Sentinel stroke audit of 2008 states that thrombolysis services are increasing rapidly, albeit from a low base. We should, as he said, be aiming for at least 10 per cent. of stroke admissions being thrombolysed. Services are being reorganised to achieve that, and we are funding specialist stroke training, but it is important that thrombolysis is given in a safe and appropriate setting.

On scanning, I am informed that all hospitals now provide CT scanning, and that the great majority also offer MRI and carotid doppler scanning. However, access to imaging continues to present a major barrier to delivering high-quality care to all stroke patients, and the new strategy aims to address that problem.

The ambulance review has been completed. Of the 70 recommendations that have been made, some have been introduced and the rest will be completed by 2010. I understand that recategorisation as category A has been recommended, and provisions to ensure that that is implemented are being put in place.

On rehabilitation immediately after stroke, my hon. Friend has mentioned that operating across the seven-day week can limit disability and improve recovery. The strategy recommends that specialist rehabilitation should continue across the transition to home, or care home, to ensure that health, social care and voluntary services are joined up to provide the long-term care that people need. We have, as he has acknowledged, provided local authorities with £45 million—£15 million a year for three years—to develop improved models for delivering that joined-up care. As for whether information will be made public and how it will be monitored, we expect the evaluation of the strategy's implementation to provide details on spending and information on its effect.

My hon. Friend asked whether the NICE-recommended target of 45 minutes of rehabilitation a day would be met and, if so, when. The strategy is a 10-year strategy, and we cannot comment on when any particular measure will be successfully implemented, but we expect all service providers to be making progress now. We intend to begin the evaluation of the strategy's implementation soon, and that will give us detailed information about what is happening locally.

My hon. Friend stressed the importance of communication and helping people with speech. The strategy lists communication as a component of the joined-up rehabilitation approach, and will rely on a multidisciplinary approach being taken locally to ensure that patients receive the right support both in hospital and when they are discharged into the community. He rightly points to the recent problems that he has highlighted in a letter to my hon. Friend the Under-Secretary of

[Mr. Ben Bradshaw]

State about speech therapy services in his local area. I am pleased to say that the PCT is now addressing those problems.

My hon. Friend is absolutely right that the work force in both health and social care is important to the strategy's delivery. We have allocated £16 million of central funding to enable the training of new stroke-specialist physicians, thus allowing services to expand their stroke work forces appropriately. We have also established a national training forum to develop a stroke educational framework, and we are supporting leadership programmes to improve skills and provide champions for stroke services at a local level. He asked particularly about the competency framework, which is under development. It includes looking for suitable institutions to provide accreditation. We hope to put the framework out for consultation in the spring, and there will be funding to support work force development, but exact details of spending levels cannot be agreed until the framework is in place.

On whether we are closing the gap between the UK and comparable western European countries, there have not been any international comparisons since the 2005 NAO report. However, the strategy is seen as a model by others. Professor Roger Boyle has been invited to Australia to give a presentation on how the strategy has been drawn up and how it will be implemented. A year into its implementation, we are confident that good progress is being made.

Hon. Members have mentioned the importance of the operating framework, and I should like to reassure them that the data that are included in the indicators will be published. The performance of PCTs and acute trusts will be measured against that publication. The inclusion of stroke in the vital signs means that PCTs will have to take performance seriously. They and acute providers know that they will be closely watched and judged on their performance. Furthermore, Lord Darzi's report, "High Quality Care for All", has offered welcome reinforcement of the key themes of the stroke strategy. The independent health watchdog, the Healthcare Commission provides indicators that will help to measure progress on the stroke strategy.

Mr. Allen: Even more up-to-date information might be arriving as we speak.

Mr. Bradshaw: None that will add to what I was going to say, but I thank my hon. Friend for his helpful intervention.

There have already been encouraging signs of early progress. The 2008 National Sentinel audit of stroke states that almost every hospital now has an acute stroke unit, and that, between 2006 and 2008, there were substantial improvements in organisational scores on the provision of and access to minor stroke services. We expect that the strategy's implementation could prevent 6,800 deaths or cases of disability. A further 1,600 strokes could be averted through preventive work. I shall finish with a quote from Jon Barrick, the chief executive of the Stroke Association. He has said of the strategy that this is a "historic time for stroke" and a

"momentous opportunity to transform the outcomes and lives of stroke survivors in this country."

Regional Broadcasting

11 am

Paul Rowen (Rochdale) (LD): I begin by saying that it is a pleasure to serve under your chairmanship, Mr. Williams. I welcome the opportunity to engage in debate on regional broadcasting.

I wish particularly to talk about commercial public service broadcasting, especially regional production quotas, the provision of regional news and non-news items and the development of local online services. I do so in the light of the Secretary of State's statement last week that we needed a debate

> "to establish the best way in which to sustain the aspects that the public like and on which they depend, which will mean devising a new way of sustaining public service content beyond the BBC in the future."—[*Official Report*, 10 November 2008; Vol. 482, c. 478.]

I do so also in the light of a clear statement from Ofcom:

> "Regional news and productions from the nations and regions are at the heart of Ofcom's long-term vision for public service broadcasting—audiences value this programming, so our object is to sustain and enhance it for the long-term".

Those two statements set out one thing, but in September the chief executive of ITV announced massive cutbacks in regional broadcasting and regional news and non-news items. Then there was a further Ofcom review, the consultation on which will end on 4 December.

The current situation is that ITV receives its television signal spectrum from Ofcom free, in exchange for its public service broadcasting. In addition, it receives its position on the electronic programme guide and the unquantifiable commercial value associated with being a public service broadcaster. When the UK goes digital in 2012, it is expected that that spectrum will be worth considerably less—perhaps only £40 million, compared with £200 million now. The chief executive of ITV has warned:

> "In the very near future the various channel 3 licences will start to go negative, the cost of their obligations exceeding their benefits."

That is why changes have been announced this year, and it is important that Members get an opportunity to discuss them before final changes are made.

The Secretary of State stated on 17 June:

> "I'm very disappointed that ITV has missed its regional production quota for two years. These are legal requirements and not things to be negotiated or brushed away."

The out-of-London production quota for ITV was originally set in 2005 at 50 per cent. Last year it was only 44 per cent., having been 46 per cent. in 2006. Stuart Prebble, a former chief executive of ITV, has said:

> "The original ITV network was designed as 'Britain talking to Britain', not 'London talking to Britain'."

I hope that in the context of what we are discussing, that important principle can be maintained.

To save money, ITV has planned to cut more than 1,000 jobs by the end of next February, including 430 in regional newsrooms. We know that the UK has other public broadcasters—the BBC and Channel 4—but Ofcom's research has found that the public overwhelmingly want to see regional news and programming as part of what is on offer on ITV. Michael Grade has said:

> "ITV does not itself want any direct public money. We wish only to operate as a free-standing commercial business".

However, we know that the public want regional news and programming to be retained. The question that must be asked is: how we can do that without the use of public money?

In September 2007, ITV announced the reform of regional news in England and the Scottish borders, reducing the number of regions from 17 to nine. That meant abolishing existing sub-regional news bulletins such as Anglia west and east, and the merger of the two smallest regions, Border and Westcountry. ITV is a private business, and those changes will reduce the number of people employed by more than 1,000. ITV plc will prioritise prime-time regional news by reducing the amount of news broadcast in the daytime. Some news-gathering will be shared between large areas of the country, such as the West and Westcountry regions.

The minimum non-news regional quota will be cut from 30 to 15 minutes a week, and I wonder what value there can be in such short segments of programming. I have made the point to ITV that I would like to see that quota lumped together so that there can be longer programmes, although perhaps not every week. For Wales, STV and Ulster, the non-news minimum will be cut from three hours to one and a half hours a week. ITV's original UK production and peak-time current affairs requirements will remain unchanged, but the non-peak current affairs requirement will fall by 40 minutes a week. The quota for programmes made outside the M25 will be reduced from 50 per cent. to 35 per cent.

For Five, original productions will be reduced from 53 per cent. to 50 per cent., and from 42 per cent. to 40 per cent. in peak time. For Channel 4, programmes from outside the M25 will increase from 30 per cent. to 35 per cent., including a new quota for the devolved nations.

Andrew George (St. Ives) (LD): My hon. Friend is making a very strong case. He mentioned the Westcountry and West regions. Although recent negotiations resulted in their altering the proposal for the provision of evening news from six to 15 minutes, they will be providing a threadbare service with the same level of staff and resources as they would have had under the original six-minute proposal. That will give them no capability really to investigate or dig below, with what will inevitably be a thin and reactive service.

Paul Rowen: I agree with my hon. Friend. Indeed, I understand that in Plymouth, for example, the number of people in the newsroom will be reduced from 100 to six. I question whether any meaningful programmes can be produced by that limited number of people.

Border and Tyne Tees will be merged, but they will have separate 15-minute sequences in weekday programmes and separate late-evening bulletins. Of the 168 workers there, 91 are to go. Sub-regional output in single licence areas will be reduced in volume, but they will retain short sequences in peak time and after "News at Ten". Fringe areas will see a few minutes of local news each day.

I contrast that with the strong public support that has been shown for regional broadcasting. The recent Ofcom consultation showed the high value that audiences put on the provision of public service content outside the BBC, even if they may have to pay for it. Audiences believe that competition for the BBC is critically important,

[Paul Rowen]

as has been shown by their rejection of Ofcom's BBC-only model. According to the Ofcom report, nine out of 10 people do not want the BBC to be the only provider of public service content in the future.

Mark Williams (Ceredigion) (LD): I pay tribute to my hon. Friend for securing this debate. He alluded to a survey. He will be interested to know that 40 per cent. of viewers in Wales watch the Welsh news in preference to the BBC news, and that in the consultation that he mentioned, not one respondent supported the BBC-only model. Does he think that that is a reflection that Wales, in its quest for pluralism, has a separate political institution and a separate political culture that necessitate both channels?

Paul Rowen: My hon. Friend makes a powerful case. His evidence comes from the reaction on the ground.

We know that the majority of people want ITV to continue to provide regional and national news. Fifty per cent. of consumers say that they are personally interested in events in their region or nation, or events where they live. That confirms that audience support for the accessible and effective delivery of the public services that underpin public service broadcasting remains strong. At the Broadcasting Press Guild lunch in June, the Secretary of State said:

> "I do sense at times that the media world talks to itself a lot and misses where the viewers are, at home, in my constituency, watching Granada Reports…We have to route this debate back in the interests of viewers."

That is an important point.

There has been strong political support in the House for the retention of regional news and production. That is evidenced by early-day motion 2283, which was tabled by the hon. Member for Selby (Mr. Grogan), who is here this morning. It has been signed by 74 MPs, all from the north-west. Early-day motion 2164 has 25 signatures, and several other such early-day motions have been signed.

I question whether the proposals that have been made are sustainable, a short-term fix or the beginning of the long, slow death of regional broadcasting. In talking about ITV's coverage, I want to compare that with what happens on the BBC. The BBC provides 15 regional news programmes, which are broadcast at 6.30 on BBC 1 every night. The audience of 16 million people is the largest television audience for news. If the BBC can get that number of people watching regional news, why is ITV not able to generate an audience that is similar, if not the same, at its time? What is the advertising revenue minutage for regional news, and why can regional news not be made profitable?

I do not see the situation as one in which we have to accept the proposals that have been made. The BBC plays a central role in public service broadcasting and in regional output but it cannot operate in isolation—it needs competition. If we can get profitability for the BBC, why not for ITV?

Andrew George: Having said that, does my hon. Friend not share the concern of many Members about the use of the licence fee to subsidise local video systems, which are now putting the BBC in competition with regional and local press providers? There is enormous disquiet about the way in which the BBC is straying into areas that may undermine the viability of independent providers.

Paul Rowen: I agree entirely with what my hon. Friend says. Indeed, that was the third point at the beginning of my speech. This week, the BBC Trust is to make a decision on the future of BBC Local. ITV already provides a similar service, and I believe that it would be wrong for licence fee money to be used to destabilise commercial services—whether local and sub-regional ones such as we have in Manchester or the wider ones provided by ITV Local. If other hon. Members agree, I hope that they will say so.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Gentleman on obtaining this important debate. Does he agree that public service broadcasting has long been a cornerstone not just of the BBC but also of ITV, and that some regional companies have a good track record? I instance Granada, which I believe covers his area. Is it not a pity that, as we move from analogue to digital broadcasting and all the broader technical improvements that will be possible, ITV's public service broadcasting is going in the opposite direction? This is an opportunity for it, not a problem.

Paul Rowen: I agree entirely with the hon. Gentleman. It is for this House to set out clearly what we want, as the Secretary of State said, and to signpost some ways forward. We do not want a short-term sticking plaster until 2012, which is what Ofcom's proposals appear to be. I doubt that when we get to 2012, we will ever be able to get back to what we have now, or to some of the excellent programmes of the past. I think of Anglia programmes such as "Survival", for example. That small company produced world-class programmes. We have to find a way to protect that level of public service provision.

In the consultation, which ends on 4 December, Ofcom has put forward various models. The first was the BBC-only model for public service broadcasting, which was resoundingly rejected by everyone. There was an evolutionary model, with all terrestrial channels continuing to have public service obligations and additional funding for regional news and news obligations falling on ITV. It is favoured by the Broadcasting Entertainment Cinematograph and Theatre Union, which is opposed to all the other models. It said clearly that commercial public service broadcasters should retain their public service role.

Another model was the BBC-Channel 4 model, with both channels receiving public funding and regulatory assets. Other terrestrial channels would lose benefits, and regional broadcasting could be opened to a number of potential providers.

Another option was a competitive funding model, in which content complementary to the BBC would be opened up to competition, content and distribution methods would not be not specified, and the BBC would retain its central role. It could lead to a reduced role for the BBC. Greg Dyke, the former director-general of the BBC, commented in October that it would take only £300 million to secure the future of Channel 4 and support regional broadcasting. We should say clearly that that is the route we wish to retain.

On possible sources of funding, there could be direct public funding, taxation or spectrum auctions. BECTU opposes that model. The excess licence fee funding ring-fenced for the digital switchover could be used to help with scheme costs and Digital UK's costs. Regulatory assets include spectrum pricing, advertising and public service broadcasting status for more channels. Finally, there could be industry funding through levies. Those are some of the possible options.

We should be saying clearly that we wish to retain local news, local news broadcasting and regional production. Lots of other countries—for example, France, Germany, Italy and Spain—have developed a range of regional TV stations, the autonomy and independence status of which are fiercely protected. Why can we not do the same here?

We need to find a way forward. It is not acceptable for us to accept Ofcom's short-term fix. We should be saying now that it seems that the regulatory framework is being rewritten because ITV does not like it. We need to set a regulatory framework that delivers what the public want and what we regard as important. There is a cost to that, and we need to find a way to fund that cost. It is possible, within some of the suggestions that have been made for Ofcom, for that to be done.

If ITV does not want to provide that service using public subsidy, we should suggest that ITN become the arm with which such services are provided, so that there is, and remains, a strong regional news output in the regions, provided by ITN if not by ITV. We ought to be setting higher standards for what is being produced than those in the model advanced by Ofcom. We ought to be looking to the future, not in terms of a diminution in provision, but as an opportunity, using the benefits of the digital dividend, to expand the range of provision. If that means that a subsidy of some sort is put on the use of the digital media, that should be used to fund that public service broadcasting element.

This is an important debate because our constituents want and value regional news and programming. There is a short-term problem with ITV funding, but that should not lead to our losing sight of the fundamental founding principles on which independent television was set up. The value that ITV has given to the regions and the nations of the United Kingdom must not be lost. We need a debate, as the Secretary of State says, and I hope that this is a contribution to that debate. I hope that we can go forward and that, when Ofcom reports in the new year on the results of its consultation, we see something a lot better than what we are being presented with, which seems very much like a fait accompli.

11.23 am

Andrew George (St. Ives) (LD): I intend to be brief, which means that we may have an opportunity to give the Minister very adequate time in which to respond to this debate and, perhaps, to take a number of interventions.

I hope that hon. Members will not mind if I remind them that we in Parliament tend to be rightly obsessed about the requirements of a functioning democracy. One cannot take this debate about regional broadcasting in isolation; it is about broadcasting and broadcasting standards generally and the importance of ensuring that our broadcasters are able to provide information and to delve below the surface of what is going on in this country and worldwide. That is essential in ensuring that we have a functioning democracy. We can either accept the model whereby one state corporation—the BBC—fulfills that public service broadcasting function, with perhaps a few add-ons from Channel 4 and elsewhere, or we can accept that if we are to have an effective organ to provide the background, investigative programmes, information and debate that is vital to a functioning democracy, we need independent broadcasters as well.

I am probably one of the most IT-challenged people on earth—I do not understand digital systems—but if this is the brave new world that we must accept with open arms and if this is the inevitable future of broadcasting in this country, we should consider something before we step beyond the precipice and accept the final Americanisation of British broadcasting and fully engage in the multi-channel culture. I fear that such a culture will be an acceleration of the race to the bottom and a continuation of the celebrity game show/makeover programmes that involve the ritual humiliation of the working classes by their apparent betters, or reality TV and "Big Brother" programmes. Broadcasters tend to revert to such a diet of programmes when they can think of nothing else to do. I fear that that will largely be the kind of thing that the multiple channels will provide. If that is what commercial TV is going to provide, before we go down that route I hope that we hon. Members—in the debating chamber of the nation—will engage in the debate and encourage the Government to stop and think and allow us the space in which we might recognise that broadcasters provide a vital service to the nation and to the regions.

When talking about regions it is important that we do not simply accept the Government's ideas of regions, which are, in fact, Government zones; they are not places that people identify with. There is no internal integrity or community of interest within the Government zones. I speak for myself in respect of the Government zone of the south-west. Those zones are not the basis on which to provide the local news and information input into the kind of debate that we require.

David Taylor: Does the hon. Gentleman agree that it is perverse that, at a time when it would appear that regional TV is retrenching and shrinking, sub-regional digital TV at city level, such as City TV Birmingham, which may be online next year, will be providing a much narrower service to the areas around their studios? Is it not likely that the quality, quantity, reach and range of regional programming will be diminished as a result of what we are seeing?

Andrew George: I am certain that it will be diminished by the results of the decisions that are currently being taken by ITV. It is clear, both in conversation and in debate, and from the pronouncements of Michael Grade on behalf of ITV, that he wants ITV to be a stand-alone commercial company and does not want to accept public subsidy for the service that ITV provides, in whatever form. I am not sure what his and the company's attitude is to tax credits or tax breaks that might be made available as an inducement to provide public service broadcasting, but by and large ITV's position is as I have said. As a result of that, as night follows day, bearing in mind the costs of the news gathering and reporting—the investigative work—that are required to broadcast the kind of programmes that we have seen in

[Andrew George]

the past and at regional level, ITV cannot achieve programming at the sub-regional level as it has managed to do in the past. That means that people are less likely to follow the programmes, because they are statistically less likely to get news from the areas about which they are most concerned.

It could be argued that, as a result of the campaigning that I and others have done on behalf of the excellent service provided by a number of companies since the early '60s, beginning with Westward Television's coverage of Cornwall and Devon, ITV has agreed to extend the local cutaway within the evening broadcast. That is welcome. However, as I said in an intervention, it will be a threadbare service with hardly any staff and without the studios and resources enjoyed in the past.

It is important that our regional broadcasters should be able to put in the resources and, if they provide a valuable service, to dig below the surface and ask questions, not simply report on press releases and turn up, if they can get there, at tragic events to stand outside and give us reports. We want the service to provide us with more in-depth analysis and with the same quality of information as in the past. Given the resources planned at the moment, I fear that that simply will not happen.

I will now ask an entirely naïve question. If what we are trying to achieve—I believe that we should be trying to achieve it—is a good-quality, well-resourced public service broadcaster in the independent sector, and if ITV is not prepared to provide that, should we not offer channel 3 to someone else? If that is the easiest, most accessible number for people to find on their gizmo—

Mr. Don Foster (Bath) (LD): EPG.

Andrew George: Their EPG—whatever that stands for. If that is the case, channel 3 should be offered to someone who is prepared to accept the tax breaks, public subsidy or whatever is required to give us the quality of public service broadcasting, independent of the BBC, that this nation and its regions and local parts require to achieve the functioning democracy that we need. My fear, which also underlies the comments made by my hon. Friend the Member for Rochdale (Paul Rowen), is that if there is no independent provider of such a service, the quality of the local BBC service, with the best will in the world, will decline. Without some competitor holding it to its mettle and challenging it, I fear that the BBC will both withdraw services and fail to maintain its present high standard.

David Taylor: Does the hon. Gentleman recall the comment made by the hon. Member for Rochdale (Paul Rowen), in his excellent opening remarks, that it was never the objective for London to talk to the regions? There is a risk that that will happen, with the shrinkage of regional broadcasting. The English midlands have a bigger population than London, cover a bigger geographical area and contribute a bigger slice of GDP. London is a fine city—we spend half our time here—but it would be utterly unacceptable for the only non-London news in the midlands or indeed the south-west to be restricted to a minute and a half or so every evening. It is true that we need a critical mass—ITV would say that it needs a critical mass—but that would be utterly unacceptable.

Andrew George: I agree entirely. A lot of us who feel rather cynical about what ITV proposes anticipate that it will not be many years before the currently proposed regional broadcasting provision will be reduced further, until regional broadcasts are effectively provided from studios in London. That fear may be unrealised, but if ITV is going to find it difficult to maintain the rather bland regional programming planned at present, when that proves unsuccessful—I think that it will, because it will not provide the local news and views required—I fear that a further diminution will occur, and that ITV will justify it by citing falling audience numbers.

My final comment and plea to the Minister—and, through her, to Ofcom and ITV—is that I do not stand here as someone who looks back to the dewy-eyed days when my birthday was read out by Gus Honeybun on Westward Television and I got five bunny hops. It is not about attempting to rekindle the old days; it is about maintaining a vital information broadcasting source in people's homes that ensures and underpins a functioning democracy. I also fear that ITV will lose out, because its unique selling point is that, unlike all the other channels with which it wants to compete, that produce the same bland stuff—game shows, celebrity programmes and so on—it includes a brand that is local to each area in which it broadcasts.

11.37 am

Mr. Don Foster (Bath) (LD): I congratulate my hon. Friend the Member for Rochdale (Paul Rowen) on securing this debate and giving an excellent introduction to the complex issues with which many people are struggling. I think that he and all Members would agree that public service broadcasting in the United Kingdom is the envy of the world, but for a variety of reasons, we are in danger of losing that reputation.

My hon. Friend made a powerful case for regional programming—both news and programmes produced in individual regions that reflect those regions to the rest of the country—and gave a clear analysis of the concerns expressed by many people about the ITV proposals to cut regional broadcasting. He described it as the long slow death of regional broadcasting, and I share his concern. I have only to look at what is happening in my own region, with the proposed amalgamation of ITV West and ITV Westcountry. As I will describe, there is already a problem with the arrangements for ITV West. There are people in my constituency who are not that interested in regional news coverage for the areas outside Bath, but I am absolutely certain that people in Bath are not very interested in what happens in Truro and other such places in the far south-west.

The amalgamation will diminish a service that many people think is important, and that view is backed up by research. Ofcom's most recent research shows that 78 per cent. of consumers attach high value to the news from the nations and regions. The BBC Trust's most recent report showed that 83 per cent. of people surveyed by the trust thought it important that the nations and regions were accurately represented to the rest of the United Kingdom. ITV's proposals will clearly damage what people in those surveys have demonstrated is important to them.

I urge people not to wear rose-tinted spectacles when addressing the issue. If we look in depth at that research, we can see that only 20 per cent. of the people surveyed are very satisfied with the current regional news programming from both ITV and BBC. The satisfaction level drops even further when people are asked what they think about regional news programming as a way of finding out about specific local issues that affect them. We should not just address the question posed by my hon. Friend about how to maintain current regional programming, but consider more carefully what people really want, and try to find solutions to provide what they want.

There is no doubt that the criticisms of current regional broadcasting are real, and that is before any changes are introduced. The BBC Trust, for example, is critical of the BBC for producing news through a "London-centric prism". If we are to have proper regional broadcasting, we must address the issues that my hon. Friend the Member for St. Ives (Andrew George) raised about properly resourcing it and ensuring that we have the news gatherers, equipment and so on to provide it. There is then a problem with how to fund that, and I shall return to that shortly.

Another area of concern about regional broadcasting is that the regions that we seek to protect are perhaps not necessarily the best ones. After all, they were developed around existing transmitters, and not to try to reflect particular communities of interest. There are a number of issues to be considered. Is what we are getting providing good-quality material? Answer: there are some concerns. Are the areas the right ones? Answer: probably not. Does provision really meet what people want, which on the whole is more locally focused news that reflects what is happening in their immediate local community?

That last concern was forcibly picked up in November last year when the Select Committee on Culture, Media and Sport produced a report in which it said that

> "local television services in the UK are underdeveloped in relation to almost the whole of the rest of the free world".

I have no doubt whatsoever that in future we must find ways, whether alongside regional news or replacing it—I hope that it is alongside—to provide high-quality, local news, not just as we already have on radio, but on television.

Some people say that local programmes are already beginning to be developed on the web—more will develop if the BBC local video proposal goes ahead—but that is increasingly where more and more people, particularly young people, are looking for news. Indeed, the evidence shows a huge growth in the number of young people who have switched off from watching the ordinary television news, whether national or regional news, and are turning to the worldwide web for news. I shall go further and say that the technology is being developed—it already exists to some extent—to enable material on the web to be placed on our television screens and the miraculous electronic programme guide.

Paul Rowen: I am listening carefully to my hon. Friend, and I appreciate his point about the use of the worldwide web. Does he agree with the point that I made earlier about the threat that the BBC, with its fat licence fee, poses to the sort of programming that ITV Local is providing on the web? Does he agree that we should strengthen that programming before allowing the BBC, with licence fee payers' money, to swamp the commercial opposition out of the way?

Mr. Foster: If my hon. Friend will allow me, instead of giving a quick, glib answer, I would prefer to develop my thoughts about that in more detail in a moment, because it is critical.

Before we move forward, having begun to put together thoughts about what we want—national programming, regional programming and the addition of high-quality local programming—we must be aware of the context in which a debate about how to achieve that takes place. That is why, as my hon. Friend said, Ofcom is conducting a major review and why the Government are simultaneously conducting a review so that proposals for a way forward may be made early in the new year. The context in which we do so has been summed up succinctly and admirably by Ofcom:

> "The existing system of public service broadcasting… a publicly owned BBC with competition from commercially funded broadcaster—is under huge pressure, and will not survive the transition to an all-digital broadcast world."

That will not survive, so we must do something and not just bemoan the problems facing us. We must come forward with radical solutions to determine what we want, how to deliver it, and how it can be funded.

The same Ofcom report explains why there is a problem:

> "With more digital channels and new online, TV-like programmes the market will continue to make a significant contribution to content that meets public purposes, particularly in entertainment, sport, archive programmes and, in one exceptional case, news.
>
> However, the commercial prospects for areas like regional and national news, children's television, UK drama and current affairs are poor. Nor can these most highly valued genres be sustained on ITV, Channel 4 and Five under the existing system as competition intensifies. Indeed, our extensive analysis indicates they will not deliver genres that require large and risky investment."

That is the context in which we are operating. Simply wishing to retain regional programming as it exists at the moment will not help us. We must talk about how to move forward, so we must have the debate. I welcome my hon. Friend's debate, as it is the start. It is the first time that the issue has been debated seriously in Parliament.

My hon. Friend the Member for St. Ives asked about the BBC local video. You will be aware, Mr. Williams, that the matter is being considered by the BBC Trust. The result of that consideration will be combined with Ofcom's market impact assessment, and by Friday it will bring those two pieces of work together and make its judgment. Although I was critical of the hon. Member for Wantage (Mr. Vaizey), who speaks for the Conservative party on such issues, for not having clear views during a previous debate on another issue—he said that he would prefer to see the outcome of research—I confess that on this occasion I shall join him, because the critical piece of work is that market impact assessment, and my hon. Friend rightly said that newspapers, ITV and others are concerned about the impact of the BBC's proposals. Frankly, I am not competent to conduct that market impact assessment and will have to leave it to others, including the hon. Gentleman, who might have done some of his own research.

Mr. Edward Vaizey (Wantage) (Con): Having been stung by the remarks of my mentor, the hon. Gentleman, last week, I would like to say that we do have a clear position on local video, on which I will expand when I have the opportunity to speak.

Mr. Foster: Indeed, I was aware of that. I was happy to give way to the hon. Gentleman to allow him to give us the highlight now and the details later on.

The hon. Gentleman and his party have already said that they reject the proposals for BBC Local in all forms. However, I am not as robust in my attack on the proposals. The BBC proposes to attach video news to 60 existing websites and increase the linkages between those websites and the websites of local newspapers and others. It also proposes to limit the number of news stories to a maximum of 10 a day for each of those areas, and it has said that it will work with all the organisations that might be affected to minimise the impact of the proposals. There are people who, like me, believe that local television is important—I welcome the work already done on that subject by ITV—for driving up e-democracy and ensuring that there is greater and easier access to council services and local information about events taking place in the immediate area. We must therefore seriously consider a proposal that mentions 60 sites in areas that are occupied by 1,300 local newspapers, particularly if genuine attempts are made to minimise and support other organisations. As I have said, our response still has to be tempered by the seriousness of the impact on those other local organisations, which is why I am not prepared to say to my hon. Friend the Member for Rochdale that I support his total and outright objection to the proposals; I want to see how serious the impact will be on others.

Having said that we must identify what we want and who will deliver it, I welcome the point made by my hon. Friend that if we are determined to continue regional news in something like existing arrangements, and if ITV is not prepared to do so or is unable to provide it, we certainly ought to look to others to enable that to happen. We must start to consider radical solutions to provide a way forward. I end by pointing out to my hon. Friend that it is very well saying that we simply want to put pressure on ITV to continue to do what it is doing, but last November its share price was 130p; only yesterday, the share price had plummeted to about 30p. Commercial public service broadcasters face serious financial problems, and radical solutions are needed if we are to move forward.

11.53 am

Mr. Edward Vaizey (Wantage) (Con): May I say what a pleasure it is to serve under your chairmanship this morning, Mr. Williams? I congratulate the hon. Member for Rochdale (Paul Rowen) on initiating this extremely important debate, which is effectively about the future of public service broadcasting. An important aspect of that is regional broadcasting—both in terms of regional production and of regional news. As usual, it is a pleasure to speak after my mentor, the hon. Member for Bath (Mr. Foster), who finished with a market update on the stock price of ITV. Given that the stock price is only 30p, I was tempted to suggest that perhaps hon. Members in the Chamber could have a whip-round and buy ITV. We would then solve the problem ourselves and be able to carry forward our solutions for regional broadcasting and news.

That slightly facetious remark leads me to a serious point. All of us would like to return to an ideal world. In the run-up to this debate, many broadcasters pointed out how much regional broadcasting and production they do. Channel 4 told us that it has invested more than £100 million a year in out-of-London companies for each of the past 10 years. ITV rightly points out that, hitherto, it has spent about £800 million a year outside London and that, as a proportion of its total spend on broadcasting, it spends a far larger amount outside London than any other broadcaster.

[ROBERT KEY *in the Chair*]

No one has mentioned the commercial radio companies that exist up and down the country. They have had an extremely tough time and are still stuck with a tough regulatory regime that holds them back from expansion. Of course, all hon. Members have made fond reference to the BBC, which has 40 local radio stations and a now famous out-of-London strategy to increase regional production up to the level of 50 per cent. In any debate about broadcasting, one is tempted to take refuge in some anecdotes. As a constituency MP, I see no particular difference in the regional coverage given by BBC Oxford, Fox FM and my local newspapers.

For example, last week was a typical week for me, during which I worked hard for my constituents. I am regularly on the excellent BBC Oxford programme, hosted by the indefatigable and unique Bill Heine, who is a peer among regional and national broadcasters. However, I receive equal amounts of coverage from other broadcasters—for example, only ITV regional news covered my extraordinarily important debate on proposals for a reservoir in my constituency. BBC television news did not do so—although the breakfast TV programme did cover it. Only Fox FM covered my extraordinary meeting with the Didcot thong rangers last Saturday, who are a group of men who regularly raise money for charity by pulling large trucks through the streets of Didcot dressed only in thongs. I joined them. May I welcome you to the Chair at this important moment, Mr. Key?

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Objection.

Mr. Vaizey: I would like to make it clear that for health and safety reasons, I was not wearing a thong—mainly for the health and safety of the people watching. However, only Fox FM covered the important event of young men raising thousands of pounds for national and local good causes in Didcot. I pay tribute to the hard work of those young men.

No one has made the point in this important debate that "The times they are a'changin'". We now live in an extremely different broadcasting world from the one that existed two or three years ago. As the hon. Member for Bath pointed out, it is in fact the market that has noticed such changes, rather than hon. Members. As we move into a digital environment, ITV is under an extraordinary amount of pressure to make the same profits it used to and to provide the same quality of service. The way in which we gather information and news has changed completely. Almost all young people get their news from the web and social networking sites, and they spend more time on their computers than watching television. We all have hundreds of channels from which to chose to watch our news and broadcasting—whether we have Freeview or a subscription to a commercial company. It is a testament to ITV and Channel 4 that they have been able to maintain anything resembling their previous market share.

There has been virtually no leadership on the issue from the Government. It has been fascinating to watch how they have dealt with it. First, the entire subject of public service broadcasting was handed over to Ofcom, which treads a fine line between being a regulator and a policymaker. Ofcom certainly came up with a series of interesting policies on the future of public service broadcasting, many of which have now been cast aside—including the proposal to have a public service internet site. When Ofcom got too big for its boots, the convergence think-tank was created to enable the Secretary of State to call people together. That has cost the taxpayer the princely sum of £300,000. Not content with a large and expensive building in Cockspur street where he could perhaps call people together to discuss the future of convergence, the Secretary of State hired Arsenal football stadium for his first meeting. The convergence think-thank did not come up with much and the issue then went back to Ofcom.

We now have the land grab by the Department for Business, Enterprise and Regulatory Reform. The arrival of Peter Mandelson seems to have spelled the demise of the Department for Culture, Media and Sport as a force in broadcasting policy. Lord Carter of Barnes is now installed in Victoria street and he has commissioned yet another review of the impact of digitisation on television and numerous other areas. We are told that the Government will come up with their policy in January. We wait with bated breath to see what emerges from either Lord Carter or the Secretary of State; it is not clear who will make the announcement. Government policy is all over the place on this issue, and meanwhile, as every hon. Member has pointed out, we are witnessing the slow decline, potentially, of regional broadcasting and regional news.

I would like to echo the comments made by many hon. Members about the importance of regional news in particular. Four fifths of people say that TV is an important provider of local news; 90 per cent. of people in the devolved nations say that. Eighty-eight per cent. of people say that it is important that the main TV channels provide news from the nations and regions, and 70 per cent. said that it was important for ITV to make programmes in different parts of the UK.

At the same time, it is worth pointing out that in most regions about 40 per cent. of people said that if there was no regional news, they would get their regional news from other sources. It is also important to point out that even with the current set-up of regional news, many of us do not identify with those regions. For example, there is very little coverage of the events in my constituency on local BBC news.

Although many of us in this Chamber will of course regret the cuts being made by ITV to regional news, we cannot, as I think the hon. Member for Bath said, look on this issue with rose-tinted spectacles. ITV is taking what it regards as proper action in the face of the difficulties it faces now in having an analogue regulatory system while competing in a digital world. Again, it is a matter of regret that the Government seem no further forward in easing the regulatory burden on ITV. There are a number of things—I am not saying that they are panaceas—that would make life much easier for ITV. For example, under the audiovisual media services directive, we have a consultation on product placement. Product placement would not necessarily fill the coffers of ITV, but it would make life much easier.

I was lucky enough to visit the set of "Coronation Street" with ITV's head of public policy, the estimable Jane Luca. We went round and had a good look at the shop in "Coronation Street", where all products have to be covered up from view. It is impossible in "Coronation Street", unlike the rest of the country, to buy a Kit Kat or a Mars bar. I do not think that if someone bought a Kit Kat or a Mars bar in "Coronation Street", the world would come to an end, but ITV might be able to make slightly more money. We live in this bizarre world where people watching "Desperate Housewives" on Channel 4 will see no end of product placement, from an Aston Martin downwards, but in British programming, no product placement is allowed.

What is the Secretary of State's reaction when he launches the review? It is to say that he is completely against product placement—he has cut the review off at the knees even before it has begun. There is no news on contract rights renewal. There is no news on flexibility on advertising minutage. On all those regulatory burdens imposed on ITV, there is no leadership from the Government. Therefore, ITV has to react. It has to save £40 million a year and to merge regional news operations, but again I counsel hon. Members against sounding like Cassandra. As I understand it, the key bulletins that ITV is planning to drop are the weekday mid-morning bulletins—it would be interesting to know how many people watch those—and the lunchtime weekend bulletins. The main bulletins—the ones that hon. Members and their constituents watch—the early evening and late evening bulletins, will remain.

In addition, ITV is hoping that Ofcom will allow it to drop its regional production quota from 50 to 35 per cent., but at the same time there will be an increase in Channel 4's regional production quota from 30 to 35 per cent. I am told by Ofcom that although that will save ITV some money, it will also result, if we take into account what the BBC is doing as well, in an increase overall in regional production from all broadcasters. That is a necessary and sensible move to give ITV the opportunity not to go bust.

We would be well advised to take account of exactly what pressures companies such as ITV are under. We learned only last week that almost 2,500 people had lost their jobs in media companies such as Virgin Media, Haymarket and Time Out, and another 4,000 jobs are likely to go not just at ITV, but at Channel 4 and in national and local newspaper groups. That is why the current consultation on local television is so important. As the hon. Gentleman pointed out, this is an interesting issue because the Conservative party has a clear position on it, which is that we firmly oppose the BBC's proposal to introduce local video. Again, ITV is doing its bit: itvlocal.com provides 1,900 hours of video content viewed by 1 million people a month. It is due to break even next year. That system will be decimated if the BBC gets its way. As ITV points out, it will "jeopardise commercial services". Local commercial radio companies have called the BBC's proposals a "damaging intervention".

A couple of weeks ago, I received a letter from Simon O'Neill, the brilliant editor of my local newspaper, the *Oxford Mail*, and his colleague, Derek Holmes, the

[Mr. Vaizey]

equally brilliant editor of the *Herald Series*, from which I get my local news and which occasionally I am very lucky and privileged to appear in. They point out that, in Oxfordshire alone, 15 websites are already run by seven local newspapers with local video. They say that if the BBC goes ahead and broadcasts local video services, that will be a serious threat to their business. The point that they make, which I think is one of the most powerful arguments made, is this: why is the BBC allowed to do online what it would not be able to do offline? Let us imagine the furore if the BBC announced tomorrow that it was to publish a national daily newspaper. People would think it utterly absurd that the BBC was choosing to compete in a market that was already saturated, so why on earth is it being allowed to compete with taxpayers' money, licence fee payers' money, in a market that is being served by local newspapers, local commercial radio companies and ITV?

Mr. Don Foster: Although I remain, as I said earlier, agnostic as to the final decision that will be made on Friday, I fail to understand this point and I would be grateful if the hon. Gentleman explained it. Given that, as he said earlier, a lot of younger people are getting their news online and the BBC has a charter requirement to reach out to all age groups and all sectors of the community, how do he and his party believe that the BBC could meet the charter requirements if it did not at least look at initiatives such as the one that he is discussing?

Mr. Vaizey: The BBC is perfectly entitled to look at such an initiative, but we would say that it is not entitled to go ahead with it. There are numerous ways in which the BBC could reach out to young people that all of us would find unacceptable. For example, it could publish a daily newspaper. It could start competing with *Metro* or *London Lite* by handing out a daily newspaper at tube stations. *[Interruption.]* The website is being used by the BBC to impinge on a potentially thriving commercial sector. That commercial sector should be given the chance to grow and thrive before the BBC comes in with its size 12 boots.

Let me set out for the Minister's benefit—

Andrew George: Will the hon. Gentleman give way?

Mr. Vaizey: No, I will not give way. I just want to set out some Conservative policy, which I think is very important.

First, we are clear that we will allow local newspaper groups to own local television stations. We shall ask Ofcom to ensure that, as much as possible, interleaved spectrum can be used for the benefit of local television stations. We shall also provide clear leadership to supply super-fast broadband for most homes in the country. Again, that potentially offers an incredibly important platform for local news provided by commercial stations. As I said earlier—despite the heckling from the Liberal Democrats—we do not believe that the BBC should enter that territory at this sensitive point.

Andrew George: All I wanted to ask the hon. Gentleman was that, if he has concerns—I share them—about the threat to pluralism in online services as a result of the BBC's activities, why is he not equally concerned about the dominance of the BBC in the broadcasting sphere, particularly with regard to regional news coverage? Does he share my concern that if ITV goes ahead with its proposals, a state news broadcaster will dominate regional news broadcasting?

Mr. Vaizey: We can all play the "what if" game. What if a Conservative Government had been in power for the last two years and had grasped the nettle of the threat facing our commercial companies? They could have eased the regulatory burden on ITV, talked to commercial radio companies and removed a lot of the restrictions that they are under, particularly regarding cross-ownership. That might have allowed such companies to thrive in a more lightly regulated environment, and we might have seen ITV regional news surviving, thriving and perhaps even expanding.

Of course, I am massively concerned about the growth and power of the BBC. The BBC has £3.5 billion of licence fee payers' money with which to compete against commercial companies—television broadcasters and radio companies—which have their hands tied behind their backs by the regulatory environment. My worry has translated into policy, and that is why we do not want the BBC to expand by creating local video content on its website. We must allow commercial companies to thrive and survive.

With those remarks, I bring my speech to a close. I urge the Minister to go back to her colleagues and ask for clarity. The commercial broadcasters can no longer wait for yet another Government review. Perhaps she will close down the convergence think-tank, call a meeting with Lord Carter and the Secretary of State, sit down over the Christmas turkey, make some decisions and return in the new year and tell us what the future of public service broadcasting is going to be.

12.12 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): It is a pleasure to serve under you, Mr. Key. First, I would like to congratulate the hon. Member for Rochdale (Paul Rowen) on securing the debate and on making such a thoughtful and measured contribution to it. It was very valuable.

I want to reassure hon. Members that the Government remain committed to retaining public service broadcasting as an important part of their work, and to preserving free access to high-quality content that reflects the needs and interests of everyone, wherever they are in this great country of ours. As hon. Members have noted, the question for us as legislators, for Ofcom as the regulator and for broadcasters, is how we can create a sustainable model for public service content, particularly for commercial broadcasters in the future.

The hon. Member for Bath (Mr. Foster) alluded to the drop in the share price. It went down by a further 0.5 per cent. while the shadow spokesperson, the hon. Member for Wantage (Mr. Vaizey) was speaking.

Mr. Vaizey: I was talking ITV down.

Barbara Follett: I am stressing that there has been a big drop in ITV's share price; it is something that fluctuates all the time. Hon. Members will know that the economics of the commercial broadcasting industry have changed radically over the past few years. That is a significant challenge to the viability of the traditional funding models that we have lived with since 1955. At the back of that change is the switchover to digital TV, which has broadly taken place in at least one television set in 88 per cent. of households in the United Kingdom.

Mr. John Grogan (Selby) (Lab): On the theme of pressure on commercial television, is the Minister aware that today Ofcom has released its estimates of the possible costs of ITV's various public service obligations? They were put at £5 million for national news, £7 million for current affairs, £5 million for out-of-London production—which the hon. Member for Rochdale (Paul Rowen) mentioned—and £8 million for original British production. If those figures are totalled, they come to less than the residual value of ITV's use of spectrum and position on the electronic programme guide. Should the House expect ITV at least to keep up its out-of-London and British production and national news? According to Ofcom, that costs less than its residual value and spectrum.

Barbara Follett: I thank my hon. Friend for that contribution. We must keep up those services. However, we must remember that the licences currently held by Ofcom are worth £200 million today, but in a couple of years' time they will be worth about £40 million. That is a significant drop and shows that its ability to attract money is lessening rapidly.

The switchover to digital TV, with its greater numbers of free-to-air commercial channels, is eroding and fragmenting ITV's audience and therefore its ability to attract advertising revenue. That process has caused ITV's share of the advertising market to drop by more than 10 percentage points between 2004 and 2007. Hon. Members have alluded to the growing popularity of new audiovisual services, from online content to video on demand and catch-up TV. I know that many of us in the Chamber are probably not young enough to understand the mechanics of catch-up TV, but the coming generations use it all the time in the way that we—or at least I—used to switch on Muffin the Mule.

As a result of those and other challenges, Ofcom believes that by 2011, the cost of public service obligations will exceed the benefit that they offer to commercial public service broadcasters. That alarming assessment gives the Government, Ofcom and broadcasters difficult issues to address and I would like to outline how we intend to do that. The hon. Member for Wantage said that we had lost control, and that Lord Carter had moved to the Department for Business, Enterprise and Regulatory Reform. I assure the hon. Gentleman that Lord Carter has not moved—he happens to share a suite of offices with me in Cockspur street, and communication between us remains strong.

We foresaw this problem when we introduced the Communications Act 2003. That Act imposed a duty on Ofcom to report every five years on the state of public service television broadcasting. It also ensured that Ofcom had the flexibility to make changes to a significant proportion of obligations as and when necessary. I reassure the hon. Gentleman that we are in discussion with it about that. Ofcom is currently in the middle of a public service broadcasting review. Such reviews are necessary because today we do not manage top-down but through consultation. We talk to people and try to reach an agreement that is backed by them. In other words, we seek to work by consensus, not authoritarian diktat.

Ofcom's phase 2 document was published on 25 September and clearly showed, as hon. Members have done today, that the public value public service broadcasting, and want it to continue. The Government and Parliament have the responsibility for designing the statutory framework for the provision of public service content. That includes the purposes, the delivery mechanisms and the funding framework.

As hon. Members said, in its report, Ofcom identified three models that it felt merited further discussion: the enhanced evolution model, a refined BBC and Channel 4 model, and a refined competitive funding model. It is clear from today's discussions that those three models attract criticism and approval from various groups—the review will weigh up those positions and consider what each model offers. I urge hon. Members, and anyone else who is interested, to contribute quickly to the consultation, which closes on 4 December, because we want everybody to get involved.

It is also clear from Ofcom's report that certain programme genres are much more at risk than others, especially regional programming and national and regional news, which were the key themes of the remarks by the hon. Member for Rochdale. I assure him and other hon. Members that the Government remain committed to ensuring that programmes are made for, and in, the regions, and not just in London, or inside the M25 belt. That is why we embedded a regional dimension in the Communications Act 2003, which should facilitate the development of a critical mass of production outside London and the M25 area. It should also ensure that broadcasters continue to invest time and money in producing high-quality programming for the regions—I said "should" several times just then, because, disappointingly, ITV failed to meet its out-of-London production quotas in 2006 and 2007. The quotas are set by Ofcom and are statutory obligations, and the Government expect the relevant broadcasters to meet them. However, the possible sanctions for failure to do so are a matter for Ofcom, whose decision on ITV we await.

Currently, the BBC and ITV offer viewers programmes that are made in their region, about their region. As Minister for the East of England, I take the point that local people do not always identify closely with those regions—indeed, living in Hertfordshire, I find it difficult sometimes to identify with content beamed broadly at the East Anglian coast—but that problem probably extends beyond the remit of this debate, so I shall put it to one side for now.

In addition to the regional programming, ITV, Channel 4 and Channel 5 are required to produce a proportion of programmes outside the M25. However, it is clear from today's debate that the main concern of the majority of people is ITV and its regional programming dimension, which has played a crucial part in ITV's unique appeal since it was launched in 1955. I am old enough to remember the launch and can tell hon. Members what a change the first commercial broadcasting company brought. Nationwide, audiences gathered around their television sets to watch high-quality programmes, including regional programmes. However, in the 53 years

[Barbara Follett]

since, things have changed. Although ITV offered a big change from the London-centric programmes that people had been used to until 1955, and although ITV produced a big change in the BBC—it had to up its regional content—things have now changed again, and ITV's market price reflects the enormity of that change, as the hon. Member for Wantage said.

Popular programmes such as "Coronation Street" and "Doc Martin" continue to ensure that television is not only, or mainly, about London. Although ITV spends about £120 million a year on regional services, and provides around 5,000 hours of regional programming every year, its regional news represents the vast majority of its output in volume and cost. That is what we are talking about today. ITV spends more than £100 million a year on news provision alone. The key question is how sustainable this is in the light of competition from multi-channel television and the proliferation of new media in this country.

In a strategy document on content-led recovery published last year, ITV expressed, and attempted to address, concerns about the validity of its business model. One of the key components of that strategy was a new approach to regional news, which the hon. Member for Bath outlined. However, I shall repeat it quickly. The strategy would provide nine flagship regional news programmes in place of the 17 currently provided and would involve merging some of the smaller regions, such as ITV Westcountry, ITV West, ITV Border and ITV Tyne Tees.

ITV has confirmed, however, that it is committed to ensuring that each region will be fully equipped with journalists, camera crews and news-gathering equipment in order to cover breaking and emergency stories. It will also provide segments within news programmes to provide an even more localised service in areas such as Border and Tyne Tees. However, the Government accept that there is a fear that the quality of coverage provided is under threat and that those stories best covered in the regions will be buried or reported inaccurately. In difficult times—for example, during a flood or a hospital crisis—it is crucial that people get the information for their area. As a regional Minister, I had to deal with the outbreak of avian flu, when we really needed regional information, so I understand fully the high value that people place on regional news services. I am glad, therefore, that Ofcom is consulting on its proposals.

In these difficult times, the fact that people are facing job cuts in all ITV regions must be causing great concern, and I sympathise with journalists whose jobs are under threat. The Government and Ofcom have taken a twin-track approach to the current difficulties that public service and commercial broadcasting is facing. We are looking at policies and the practicalities of the situation, and despite the ominous warnings from the hon. Member for Wantage, Lord Carter is very engaged in this policy area—and in Cockspur street, not Victoria street.

Paul Rowen: Will the Minister indicate when the Government are likely to make a decision on this matter?

Barbara Follett: Yes, in fact I shall conclude with that.

Early next year—hopefully in January—the Government plan to publish an interim digital Britain report, and in the spring a final report, which will consider what future legislative and non-legislative measures are required to support the development of the UK's creative and economic sectors. Unlike the hon. Member for Wantage, I do not favour product placement as a solution. We have enough of that in films today, and I fear my children and grandchildren are becoming too commercially inclined.

I thank the hon. Member for Rochdale again and assure him of the Government's continuing concern about this matter.

Consular Support

12.29 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): It is a pleasure to serve under your chairmanship, Mr. Key. I want to raise the issue of the consular assistance that was provided to one of my constituents in relation to her brother, who tragically died in the Pertamina hospital in Jakarta while he was on holiday in Indonesia. The case revolves around the refusal of the hospital to treat Mr. Nord until he provided a cash payment to the doctors who were on duty that evening. This was not about paying for treatment through a credit card or cheque. It was a demand for money—American dollars—to be paid up front before the hospital would consider any treatment. In the event, Mr. Nord died. His death was entirely preventable. My constituent, his sister, believes that the consular assistance that was provided was inadequate to say the least.

Mr. Dale Nord was taken ill on Friday 4 January. He spent the whole day in bed in his hotel room. He was persuaded to go to hospital that evening. His condition had deteriorated to such an extent that by the time he arrived at hospital, he was unconscious. From that point on, he never recovered consciousness. When presented with Mr. Nord, the hospital refused to treat him until his companion had provided $1,700 in cash.

Mr. Nord received no treatment for several hours until his companion was able to contact friends to raise part of the money. As it turned out, his friends raised $700. After that, the hospital began to consider treating Mr. Nord. I want to point out that, contrary to what the Foreign Office has been told and to the information that it provided in our exchange of correspondence, up until that point no treatment, be it good, bad or indifferent, had been given to Mr. Nord. In a letter—admittedly not written by my hon. Friend the Minister—the Foreign Office said:

> "Our records show that at no time was medical treatment withheld from Mr Nord".

That is not the case: medical treatment was withheld until Mr. Nord's companion could produce a cash payment in US dollars to the doctors on duty in the hospital.

Mr. Nord's companion, his girlfriend Anna, was an Indonesian national. Obviously, she could speak the language. She was well aware of what was happening at the hospital, of what was being demanded and of the fact that Mr. Nord was not being treated. She did not have the money available to her, and so she contacted April Nord, Mr. Nord's sister and my constituent, to ask for her help. April Nord then contacted the embassy, through the embassy's emergency telephone line, and spoke to Mr. Golding, the officer on duty that evening. Unfortunately, Mr. Golding responded by saying that it was not his day job, and that he was not used to doing that type of work. He said that he did not want to go to the hospital that evening because he did not have an interpreter and he did not have the required language skills. He said that he would not go to the hospital until 7.30 the following day.

Why was an emergency duty officer on duty that weekend in Indonesia when he did not have the requisite language skills or the skills to deal with the situation? Mr. Golding said that such work was not his day job, which one takes to mean that he had been seconded into the job of duty officer without any experience.

Throughout the time, the hospital was pressurising Mr. Nord's companions for cash payments. It said that it could not put Mr. Nord in intensive care, which is what it said that he required, until the money had been paid. It was made crystal clear to Mr. Nord's companion that he would not be moved until money had changed hands.

My constituent, April Nord, had a number of conversations with Mr. Golding throughout the course of the evening. She was anxious to get money to the hospital to pay for any treatment that her brother required. During her conversation with Mr. Golding, she was told that everything in Jakarta works on bribery and that the request for $1,700 was probably a request for a bribe. By this time, things were becoming a little frantic to say the least. The companion of Mr. Nord and Mr. Nord's sister were told that Mr. Nord was in a diabetic coma and that he had suffered multiple organ failure, neither of which turned out to be true. It was suggested that a credit card payment might be acceptable. That suggestion came from Mr. Golding himself and not from my constituent, as has been suggested in the correspondence with the Foreign Office.

Unfortunately, the hospital refused to take a credit card payment on the basis that it did not have sight of the credit card—it was Mr. Nord's sister's credit card and she was in the UK. By the same token, the Foreign Office refused to guarantee or loan any money in accordance with the Foreign Office consular advice. Therefore, there appeared to be no way in which money could be paid to the hospital to obtain treatment for Mr. Nord. Yet all the time the doctors kept saying that he was in a diabetic coma, that he was suffering multiple organ failure and that he required intensive care.

After Mr. Nord had been in hospital without treatment for several hours, a friend provided $700, which had been collected from friends. At that point, the hospital agreed to begin some assessment of Mr. Nord's condition. However, at 5 am, Mr. Nord allegedly suffered a cardiac arrest, and later that day, he died. All of that happened between 1 o'clock in the morning and 3 o'clock in the afternoon, Indonesian time.

Throughout the whole of the period that he was in hospital, Mr. Nord had been unconscious. Even if the man had had insurance, a credit card or cash with him, he could not have communicated that information to anybody; he was unconscious. He could not say whether he had funding available. The Foreign Office provides clear consular advice. A person in those circumstances could be any one of us: incapacitated and unconscious and unable to communicate with the hospital. The hospital would not provide treatment until a payment was made, but the situation was such that it was impossible to provide that payment. I find it strange that the embassy staff, faced with a situation involving a clear demand for money, which the individual concerned had difficulty in meeting, could not have done more to provide assistance to him. I appreciate that the guidelines state that no financial assistance is available, but by the same token it is strange that the Foreign Office was willing simply to stand by and allow the man to die for the want of $1,700.

To make matters worse, when Mr. Nord's body was returned to the UK, the West Yorkshire coroner undertook a post mortem examination of the body and the medical notes from the hospital were referred to specialists in

[Mr. Eric Illsley]

West Yorkshire, for an analysis of what had happened to Mr. Nord while he was in hospital. Mr. Nord had no history of diabetes and there was no diabetes in his body. There was no question that he had been in a diabetic coma. He had not suffered any cardiac arrest. Nor had he suffered multiple organ failure. The consultant's conclusion was that the

"heart and kidneys were unremarkable."

The conclusion reached by the specialist was that Mr. Nord had been suffering from something known as ketoacidosis or, in layman's terms, dehydration. Had he been given fluids he would easily have been resuscitated. That raises the question why that treatment was not given. Probably, Mr. Nord, being on holiday in Indonesia, had drunk too much and not looked after his diet as he should have done, and developed a severe case of dehydration, which led to his death. That death, according to the specialist, was entirely preventable.

Several questions about consular assistance to individuals abroad are raised by this case. I repeat my question: if a person is incapacitated and cannot speak or is unconscious when admitted to hospital—even if they have insurance or money—what assistance can or should be provided to ensure that the individual is not put in Mr. Nord's situation and left to die? Why was the consular officer on duty that evening, by his own admission, so badly equipped to deal with the situation? He mentioned that it was not his day job and that he required an interpreter before he went to the hospital. In the end when he found out that Mr. Nord's companion was Indonesian and could interpret, he visited the hospital. The officer mentioned that he knew that the country operated on a system of bribery. Why does the Foreign Office not have protocols or procedures in place, so that if it is known that there might be a request for a cash payment in advance of medical treatment an attempt can be made to get round the situation and assist an individual? Obviously it is not the easiest matter for the Foreign Office to make reference to another country's being corrupt. However, it happens. There are countries where a level of corruption is acceptable, when it is not here. There should be some system to get round situations in which a bribe or some such payment could be anticipated.

Even if there was no request for a bribe, and even if the hospital was the best in Jakarta and had, in the words of the Foreign Office,

"the highest reputation within Indonesia",

why was Mr. Nord allowed to die while embassy officers and doctors stood and let him? Surely there is something wrong with the system, no matter how good the hospital and its procedures, when a man is admitted to hospital and dies in this way in 12 hours. There is something wrong with the system and we need to consider it again.

I appreciate that the Foreign Office goes to great lengths to publicise its consular guidance and make individuals aware that there is no financial assistance and that there are no medical payments or guarantees. However, surely there must be a system that allows for a situation such as the one I have set out, and in which a person can be given some assistance at least to prevent a tragic outcome. If the Foreign Office takes the view that the guidance is sound and there is no reason to change it, surely the information that is provided must go further, and include such situations. Individuals should be alerted to the fact that they could be asked for cash payments, with no question of insurance or credit cards being used. The people in Mr. Nord's case were not asked for insurance or a credit card payment. They were asked for 1,700 US dollars—not sterling or Indonesian currency. It was quite specific. Surely some reference should be made in the guidance to the fact that there are countries where such a demand will be made.

The version of events in the correspondence that I exchanged with the Foreign Office does not equate to the version in statements provided by people who were present at the hospital. I question why the Foreign Office has chosen to accept its version of events in the light of clear evidence that some information given by the doctors on the fateful night was absolutely wrong. The man in question did not receive treatment, and was not asked for payments in the normal course of private treatment. He was asked for a cash payment up front.

I accept that the Foreign Office consular guidance is clear and that consular officials are not medically trained and should not be required to give medical advice. However, I am sure that I and the British public expect a better service from our consular staff abroad than was provided to Mr. Nord on the day he died.

12.47 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): I congratulate my hon. Friend the Member for Barnsley, Central (Mr. Illsley) on securing this debate, on behalf of his constituent, about the Foreign and Commonwealth Office's consular assistance policy and, more specifically, the handling of the case of Dale Nord who, as he has said, tragically died in Indonesia in January. I know that the issue has greatly concerned my hon. Friend, who has pursued it vigorously. I would like to take this opportunity to express my condolences to the Nord family. I can only imagine how hard it must be to lose a member of one's family in such circumstances. This is a particularly poignant time as the first anniversary of Dale Nord's death approaches.

There has been much correspondence between Mr Nord's sister, April Nord, and the FCO about the events on the day of Mr Nord's death and I fully appreciate the family's need to know as much detail as possible about the circumstances. Consular staff in Jakarta and London have tried to provide Ms Nord with as much support and information as we can. I regret it if discrepancies between our records and Ms Nord's have added further to the family's distress. I know that Ms Nord does not agree with aspects of the version of events that our duty officer in Jakarta recorded. As we have made clear to her, that is simply a record of what the embassy duty officer was told at the time and the action he took.

My hon. Friend has said that Ms Nord feels she received inaccurate information on the medical condition of her brother from our duty officer. I do not think that it is appropriate in this forum to go into the detail of the information relayed about Mr. Nord's medical condition, but I reiterate what we have said in previous correspondence: our duty officers are not medically trained personnel; their role in such situations is to relay information between the various parties. They cannot and should not interpret medical information. Any diagnosis and decisions on treatment are made by the relevant medical staff. If there was a misdiagnosis of Mr. Nord's condition—I do not know whether that is the case—our duty officer in no way contributed to it. He was simply passing on the information that he had been given. I must say that, in the circumstances, I do not see what other course of action was available to him.

My hon. Friend also said that the West Yorkshire coroner, who has opened an inquest into Mr. Nord's death, has concerns in relation to this case. As my hon. Friend knows, in addition to the documents from the hospital that the coroner requested, we have provided him with a statement from the embassy officer who was on duty at the time of Mr. Nord's death, which records the information that the duty officer was given and the actions that he took, and a statement from the vice-consul in Jakarta, whom the duty officer had consulted. The coroner has not expressed to the FCO any dissatisfaction or reservations about those statements, nor has he asked for any further evidence from the two individuals concerned. I understand that there is one outstanding request from the coroner for information from the hospital itself, which our staff in Jakarta are trying to obtain on his behalf. I hope that we can achieve that outcome.

Clearly, a particularly distressing issue for Mr. Nord's family is their belief that treatment was withheld from Mr. Nord until such time as the hospital received payment. Hospital treatment in Indonesia is not free and requires either a deposit or a confirmed undertaking to pay from an insurance policy, so it is not unusual that the friends who were with Mr. Nord would have been asked for an initial payment. However, it is our clear understanding from what Mr. Nord's friend said to the duty officer at the time that in fact, the hospital did not withhold treatment from Mr. Nord until it received the payment that it had requested.

Our belief is that Mr. Nord was treated by the hospital throughout that night and he was certainly being treated when the duty officer from the embassy arrived. Our understanding is that, on his arrival at the hospital at 1.50 am, Mr. Nord was moved to the intensive care unit. Further, the hospital log shows that treatment took place at 3 am and the duty officer from the embassy was first contacted at 3.35 am. That record certainly demonstrates that Mr. Nord had received treatment before the duty officer from the embassy arrived.

One of the main concerns that my hon. Friend and Ms Nord have raised with us is why the FCO could not guarantee payment of Mr. Nord's medical costs. My hon. Friend has also said that he believes that the FCO should have procedures in place to assist British nationals who need funding in medical emergencies such as this. However, I must say that I do not agree with that view. Unfortunately, a huge number of British nationals end up in hospital overseas each and every year, needing treatment. Indeed, there have been almost 3,000 cases already this year that we have been notified about. The UK Government cannot pay the medical costs of those individuals, nor can we provide financial guarantees on their behalf.

The FCO has invested substantial resources in making it clear to British nationals who are travelling or living overseas that they need to have full travel insurance. Our consular directorate's "Know before you go" campaign was launched in 2001 to encourage British nationals to take the necessary precautions to ensure that they have safe and trouble-free travel abroad. The need to obtain comprehensive insurance is one of the campaign's key messages, and a wide range of methods and partnerships are used to promote it. The FCO's travel advice on its website includes suggestions about what a travel insurance policy should cover, and what the real cost of medical treatment could be for those who travel without insurance.

As my hon. Friend is probably also aware, in 2006 the FCO published a booklet, "Support for British Nationals Abroad: A Guide", which clearly sets out what we can do and, just as importantly, what we cannot do for British nationals overseas. Page 16 of that booklet explicitly states:

> "We will expect you to have full travel insurance for your trip, or health care and other appropriate cover if you are living abroad. The Government cannot cover medical costs".

With regard to this specific case, our duty officer was therefore correct in saying that he could not guarantee payment of the medical bills on the Nord family's behalf. I must say that if we were to make such an undertaking in individual cases, we would have to do it in every case, the cost of which would be colossal, and I believe that the resulting burden on the taxpayer would be both unreasonable and unaffordable.

As my hon. Friend knows, the duty officer at the embassy went to the hospital where Mr. Nord was being treated and he tried to facilitate a credit card payment by Mr. Nord's family, but I understand that that payment was refused because the hospital's standing instructions required its accounts office to see the original credit card. Of course, I understand the additional distress that can be caused when funds are needed in an emergency and that any time delay in the transfer of funds adds to that distress. Although it will bring little comfort to the Nord family at this time, they may want to know that the FCO is examining the possibility that in some emergencies where British nationals are in urgent need of funds, we will be able to take card payments ourselves directly from friends or family in the UK, and thereby, in situations such as this one, quickly facilitate payment to a hospital overseas.

Ms Nord has also expressed reservations that the person on duty at the embassy, who was not a consular officer, may not have been best placed to provide assistance to her brother and herself; indeed, those concerns have also been expressed by my hon. Friend this afternoon. I must point out that duty officers deal with all inquiries to an embassy's out-of-hours emergency number, many of which are not about consular issues. In this case, although the duty officer was not working in a consular position in the Jakarta embassy, he had previous consular experience. He also spoke to the vice-consul at the post to brief him on the situation and on the actions that he had taken. The vice-consul confirmed to the duty officer that he was following consular guidance in dealing with this situation.

Although I again appreciate that it will not alleviate the Nord family's distress at their loss, the FCO is reviewing how we deal with out-of-hours calls to our missions overseas and examining how we can ensure that we have as consistent and professional a service as possible out of hours, as well as during the working day. As I have said, I appreciate that that does not help Ms Nord and her family, but I hope that the House will note that we are continually looking for ways to improve the consular service that we offer to British nationals overseas, particularly those in serious distress.

[Bill Rammell]

Having said all that, I genuinely understand the concerns of relatives when, as in this case, someone dies tragically thousands of miles away in a situation that the relatives feel they have no influence over. It is a tragic situation; this incident was a tragic accident. However, nothing will bring Mr. Nord back. Nevertheless, if it would help I am happy to meet my hon. Friend and his constituent to explain as fully as possible our actions and those of our consular staff, and our understanding of exactly what took place. Sometimes, such a meeting can be a better forum within which to discuss these matters than an Adjournment debate in the House.

As I said at the beginning of this debate, I genuinely and deeply regret that this tragic situation has been made worse for Mr. Nord's family by their belief that he was treated neither promptly nor correctly by medical staff at Pertamina hospital, and by their dissatisfaction with the assistance that the duty officer at our embassy in Jakarta provided. However, I am satisfied that the duty officer provided the appropriate consular assistance. Much as we might like it to be otherwise, it was not in his power to guarantee payments for Mr. Nord's treatment, nor was it in his power to interpret any medical diagnoses. I simply do not think that either of those actions would have been possible in the circumstances. Nevertheless, the offer that I have made to meet my hon. Friend to discuss this case is a genuine one, and I will happily meet him if that is what he wishes to do.

Digital Broadcasting (West Dorset)

12.58 pm

Mr. Oliver Letwin (West Dorset) (Con): I can genuinely say, Mr. Key, that it is a delight to serve under your chairmanship.

I asked for this debate because, a few years ago, I found myself, as Members of Parliament do from time to time, at a meeting in a Committee Room that had been booked by outsiders who were explaining some matters to us. I was not at all sure that I really needed to be there but I had gone along for the ride, so to speak. At the meeting, a rather large map of Great Britain was projected electronically on the wall. It was very heavily shaded in some parts, and it showed the digital coverage that would be achieved with the digital switchover. There were just a very few points of white on this impressively shaded map. The people who held the meeting were from what is now Digital UK, as well as other groups, and they explained that the coverage was magnificent and it was only the tiny white points where there would not be any coverage.

I am as blind as a bat, as you might know, Mr. Key, so I had to take off my glasses, but even that did not work. I had to walk over and get close to the screen to see that my constituency and that of my neighbour in South Dorset were pinpointed with unerring accuracy as the two in the whole of the south of England that will not be well covered by digital broadcasting. As you might imagine, Mr. Key, I suddenly became extremely interested in the meeting.

That meeting led to the formation of the Dorset broadcasting action group, which is known as DorBAG. We have had a series of constructive and useful meetings with representatives of Digital UK and the BBC at various levels. I have also had meetings with the director-general of the BBC and members of the central staff, as well as with Ofcom and a range of other relevant parties, and some progress has been made. Many of my constituents who will not be served by digital terrestrial broadcasting, due to the lie of the land, will nevertheless be able to get hold of Freesat, which was not available when I was stuck in that room looking at the map. That will enable them to receive digital broadcasts without having to deal with Mr. Murdoch. However, my constituents, and those in South Dorset, experience significant problems with news coverage that are bound up with more persistent problems that have nothing to do with digital switchover.

The main issue is the so-called "three mux, six mux" problem with which the Minister will be familiar. It so happens that my constituents are served by relay transmitters, although why that is the case is lost in the mists of history. For reasons that I dimly understand—too dimly to give the House any adequate explanation—when digital switchover occurs, people who are served by relays will not receive the full suite of channels that they would get if they were served by a main transmitter. For reasons that I understand even less, that effect is not uniform, so only some of my constituents will have access to the full range of channels.

Having sat down with the experts—of whom I am not one, of course—I have discovered that on some streets in my constituency, people on one side will receive the full set of channels whereas those on the other side will not. You will understand, Mr. Key, from your extensive experience as the conscientious Member for Salisbury, the kind of civil unrest and the postbag that will be generated for me and my neighbour in South Dorset—whoever that may be—if our constituents can compare notes. Suppose that Mrs. Jones discourses, in the shop, on the merits of the programme that she saw the night before, but Mrs. Smith could not get it. That will not make Mrs. Smith happy, not least because she is paying the same licence fee as Mrs. Jones. Nothing on earth will persuade Mrs. Smith that that situation should have occurred.

The Government's account—I know this because I have tabled parliamentary questions and have written letters on the matter—is that the decision is a commercial one, and it is not theirs to take. They say that it is the commercial broadcasters that have decided not to foot the bill for making a full suite of channels available to all my constituents, but there is a hitch in that argument. It is true that the broadcasters have taken that decision, but I have no doubt that if there were no regulation at all, they would have chosen to serve only the urban concentrations. They might well have decided that it simply was not worth serving people in West Dorset or, while we are at it, perhaps even those in Salisbury. In general, what compels them to serve a wide population and to give access to programming is the regulatory framework that is partly designed to have exactly that effect, and rightly so. I do not think that the Government can skip out of the matter by arguing that it is a commercial decision, because underpinning that decision is a regulatory framework that does not compel broadcasters to provide equivalent levels of service where technically possible, which it is in this case, to all the residents of an area.

There has been a regulatory failure, but we do not necessarily need a regulatory solution. There is a practical, humdrum solution that would also solve a second problem that I want to raise with the Minister. I have already raised it with the director-general of the BBC and some of his colleagues, and DorBAG has raised it at various levels within the BBC. In West Dorset and South Dorset, we suffer from being on the margin. Poole and Bournemouth are, culturally speaking, part of the south of England, whereas Exeter and Plymouth are, culturally speaking, part of south-west England. Dorset, particularly West Dorset and South Dorset, lies betwixt the two.

For many years, the BBC and other broadcasters have been unable to decide quite where in the cultural map of Britain South Dorset and West Dorset fit. That problem is not shared by the people of South Dorset and West Dorset. My constituents, who differ in many other respects would, if asked—although I have never tried it—probably respond to a deed poll with a 90 per cent. return answering that they are culturally part of the south-west. We do not feel allied to Hampshire, and we do not look to it. Part of the reason why the geographical county of Dorset was split into the unitaries of Bournemouth and Poole and the rural county of Dorset was precisely because the rural county of Dorset looks west, not east.

There is extraordinarily little interest in my constituency in news about Bournemouth, although it is a fine place and we have nothing against it. Bournemouth is of great interest to the people who live in it, but to the people of my constituency, who rarely go anywhere near it, it is not a place of great interest; it is just a place. News about Bournemouth and Poole, of which one can see a lot on TV screens in South Dorset and West Dorset, if one can get coverage, which many people cannot, is of no interest. Moreover, the southern offices of the news-gathering organisations do not regard Dorset as part of their remit any more than West Dorset regards itself as being part of their culture, so they do not provide any serious amount of broadcast news about events in West Dorset or South Dorset. The south-western parts of the BBC would be keen to do so, because they do regard us as being part of them, but, alas, they are not mainly responsible, and most of the broadcasts do not come from them.

As a result of DorBAG's efforts, the BBC has made considerable advances on news gathering, particularly for radio news, and it has made partial moves to set up a team of journalists who will work from Dorchester and Weymouth and will concern themselves with events in rural Dorset. Unfortunately, however, the configuration reflects the very problem that I describe, because responsibility for that group of journalists will be shared. There is so-called matrix management. Whenever I hear such words, I know that I am hearing a confusion. Those poor people, who will be earnestly working for truth in the news-gathering organisation that will be established in Dorchester, will have two masters—south-west and south—and will not know whether they are coming or going. Because they have two masters, they will have no patron, as that would not be core to the offering of either. They will be at the margin of each. Their chances of getting the editor of either to take seriously the product that they provide will be reduced. If an editor is fundamentally focusing on a particular area, most of the news that he wants to put on will be from that area. The rather inconvenient fact of a half share in West Dorset and South Dorset news gathering will not make them think that that area should be the centrepiece of their news programming.

Why do I go into this long excursus about news and its origin? Because the very same solution that would solve the three mux, six mux problem, and the problem of some people having very few channels compared with others after switchover, would also solve the problem of news broadcasts. If there were a new main transmitter that provided the full suite of channels for all those in my constituency and South Dorset who can receive terrestrial TV, and if that transmitter were linked to the south-west so that BBC South West were responsible for the news content that went out to the locality, we would get not only all the channels but news programming that was local and became part of the core offering of the south-western part of the Beeb. That would be a huge advance for my constituents.

I do not think that there would be huge expense involved. There would be some—the capital expense of establishing the mast—but that is a very small part of the cost of digital switchover. As I understand it, running costs would not be increased by the manoeuvre. Moreover, we have established that there would be positive enthusiasm in BBC South West about taking on the responsibility for West Dorset and South Dorset broadcasting. We would have a lasting arrangement that would satisfy my constituents and relieve both the Minister and me of an endless stream of irate constituents complaining about getting half as much broadcasting as they have paid for.

[Mr. Oliver Letwin]

and still not getting the news to which they think they are entitled. Of course, we shall make that proposal to the BBC Trust and the director-general. I hope that the Minister will give it a fair wind and ensure that my constituents are not left at the margins of news and in the unfortunate position of receiving, in many cases, only half the channels that other people receive.

1.12 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): I congratulate the right hon. Member for West Dorset (Mr. Letwin) on his success in securing this debate on digital broadcasting and the use of relays in West Dorset, and on his work on the matter as a constituency MP. He really is an example to us all, and the setting up of the Dorset broadcasting action group has obviously already produced some results.

I should like to go through broadly what the Government are doing and some of the reasons for the situation in West Dorset, and then turn to the right hon. Gentleman's suggestions. As he will know, the process of switching over from terrestrial, or analogue, television to digital television began in earnest on 6 November, with the progressive switch-off of the analogue broadcasting signal in Selkirk and the border region. The process will take four years to complete, and there are sound economic reasons for doing it. The benefits will extend to consumers, because only by switching off the analogue signal will it be possible to increase the coverage of digital terrestrial television so that it reaches almost everyone, excluding only those white areas on the map to which the right hon. Gentleman referred.

Public service broadcasters will benefit from efficiencies and long-term cost savings, and the UK economy will benefit because the switchover will allow the development of new services through greater spectrum efficiency. In 2005, when the timetable for switchover was established, it was estimated that there would be a benefit to the economy of some £1.7 billion in net present value. I am glad to say that that estimate is now thought to be somewhat on the low side.

The co-ordination of the process falls to Digital UK. Ofcom's digital progress report for the second quarter of 2008 revealed that multi-channel take-up on main sets in the UK is now 88 per cent, so about 88 per cent. of the right hon. Gentleman's constituents already have one television that can receive digital signals. More than half—55 per cent.—of secondary TV sets have now been converted, which means that 69 per cent. of all TV sets in the land can now receive multi-channel TV. The switchover is well on its way, without people having to wait for the Government's progress. Nationally, about 89 per cent. of the population are aware of switchover and 68 per cent. understand what is happening. Quite a few people even understand when it is going to happen in their area. Those figures suggest that we are heading for a successful process.

The right hon. Gentleman will know about the digital switchover help scheme and the various levels of qualification for it. From work that we have done in Whitehaven and Selkirk, we know that take-up of the scheme has been pretty good. The help that it has given to some of the 7 million households in the land that will be eligible for it has been much appreciated. Its key feature is that it should be platform-neutral, not unfairly discriminating between platforms. That is to ensure not only that we secure value for money but that the scheme does not fall foul of EU state aid rules. I am glad to say that reports back from the two regions where we have completed switchover have shown that on the whole, people appreciate the service that they are receiving.

I turn to the west country and the "three mux, six mux" problem. Switchover in Selkirk and the borders will be completed on Thursday 20 November. As one would expect, work is firmly in hand to ensure that switchover in the next region, the west country, can begin in April 2009 as planned. The latest Digital UK and Ofcom tracker survey reveals that nearly nine out of 10 households in the west country TV region—87 per cent., which is just under the national average—have connected their main set to digital TV. More than half—58 per cent., which is above the national average—have connected and converted every set in their home, and nine out of 10 people in the west country, 88 per cent., know what to do about switchover. Some 28 per cent. know the quarter of the year in which they will switch, so knowledge is quite high. Among older people in the region, however, particularly those aged 75 and over, there are markedly lower levels of conversion to digital TV—73 per cent., as against 87 per cent. nationwide—and of understanding: 54 per cent., as against 68 per cent. nationwide.

Digital UK and its partners are examining ways of improving that situation, which cannot be helped by the marginality of people's situation in West Dorset. I have enormous sympathy with the right hon. Gentleman for the situation in which he finds himself, because that marginality is repeated in my own constituency and my own region—I am Minister for the East of England. People in Hertfordshire and Bedfordshire are not that keen on knowing details of life in Great Yarmouth or Lowestoft, of which we sometimes get rather more than we would like because of how our aerials and the transmitters are angled. People there, vice versa, do not really want to know what is happening in Bedford or Stevenage. There is a problem with the way in which the regions have been carved up. They do not correspond to the Government's regions but to a TV region programme.

There is also a problem with where the transmitters are situated. I happen to live in a white spot. Twenty-nine miles from London, I cannot get six mux; I can only get three mux. The right hon. Gentleman is right: roads and communities are divided, and people can get very angry about the situation. The right hon. Gentleman said that he was not too sure how the lack of coverage had come about. The beginnings of the problem are somewhat lost in the mists of time, but they are to do with the fact that when the ITV franchise came in in 1955, the cost of transmitters was very high. Too few were delivered, especially for rural areas. We have an historical situation in respect of the location of the transmitters, which are expensive to install.

DorBAG's efforts to alert the BBC and the Government to the situation in the Dorset region is greatly appreciated, and I think that other hon. Members would do well to follow the right hon. Gentleman's example. There are some inequities that will be difficult and, frankly, exorbitantly expensive to correct. I know that matrix management sounds terrifyingly like something from a James Bond film, but it could work, particularly in today's far more consensual business environment. I hope for the sake of the right hon. Gentleman's constituents that it can be made to work.

I shall give a little more detail on the technical background to the situation in the west country, if the right hon. Gentleman will forgive me, as he has raised the issue of a new transmitter and relays. It may help if I give a quick overview of the transmitters that operate in the region and the dates on which they are expected to switch over.

The west country TV region consists of five main transmitter groups. The Beacon hill transmitter group has 23 relay transmitters serving some 147,000 homes in Torbay and south Devon. It will switch in two stages on 8 and 22 April next year. The Stockland hill transmitter group has 24 relays serving some 218,000 homes in Exeter, parts of Devon, Somerset and Dorset. It will switch in two stages on 6 and 20 May. The Huntshaw Cross transmitter group has 14 relay transmitters serving some 70,000 homes in north Devon. It will switch in two stages on 1 and 29 July. The Redruth transmitter group has 16 relays serving some 129,000 homes in west Cornwall and the Isles of Scilly. It will switch in two stages on 8 July and 5 August. The Caradon hill transmitter group has 29 relay transmitters serving some 279,000 homes in Plymouth, Devon and east Cornwall. It will switch in two stages on 12 August and 9 September. That gives some idea of the complexity and the number of relay transmitters involved.

Some 63 per cent. of households in the west country TV region as a whole can currently receive digital TV through a Freeview aerial. I am glad to say that that will increase to 96 per cent. after digital switchover. It is predicted that 74 per cent. of those households will receive a six-mux package, or all 48 Freeview TV channels. The remainder of the households will be able to receive only three mux, or about 20 channels. That is the problem that the right hon. Gentleman has brought before the House today.

Households served by local relay transmitters receive only analogue channels at present. At switchover, however, Freeview services will be added to all local relay masts to enable access to 20 of the most popular channels for the first time, including all the public service broadcasting channels and a good deal more. Those viewers who, like me, are in a white spot and require more channels will be able to choose from a range of free or subscription satellite services offering 90 to 400 TV channels. That is the solution that I and others in my constituency have had to pursue.

As the right hon. Gentleman is aware, the Government and Ofcom are wholly committed to ensuring that digital coverage for the five main public service broadcasting channels substantially matches current analogue services—that is, 98.5 per cent. of UK households—at digital switchover. Coverage by commercial multiplex operators is a matter for them, although regulations will not allow coverage levels post-switchover to fall below current levels. The commercial operators must make a commercial decision about extending coverage, balancing the costs of doing so against the extra coverage that could be achieved. That is obviously the key to the right hon. Gentleman's problem.

I should like to take this opportunity to thank the right hon. Gentleman for raising these important issues. The switch from terrestrial television to digital television is a vital component in the United Kingdom's journey towards a digital society. By the end of the switchover process, just four years from now, every household with a television set will have entered the multi-channel, interactive age.

I hope that all hon. Members will take as close an interest in the switchover process in their constituencies as the right hon. Gentleman has. By working together, we can ensure that switchover benefits everyone and that no one is left without access to a range of TV channels. That said, I do understand the situation of his constituents who fall in white spots, and I wish him every success in his endeavours to persuade the commercial channels to extend coverage.

Disability Living Allowance

1.27 pm

Mr. Martin Caton (Gower) (Lab): There are two important campaigns at this time that seek changes to the mobility component of disability living allowance. One, which has been under way for some years and is led by Help the Aged, calls for the benefit to be extended to disabled people who make their claim after the age of 65. I support that objective. The fact that elderly people cannot get help with mobility costs, access Motability or the specialised vehicle fund or get exemption from vehicle excise duty prevents them from living the independent, healthy and active lives that they otherwise might.

The second campaign, which is led by the Royal National Institute of Blind People, aims to make blind people eligible for the higher rate mobility component of DLA. Like many Members of this House, I met a constituent with severe sight impairment at the lobby in Westminster on 15 October. He explained to me what a difference the extra money to help him get around would make to the quality of his life. I know that Ministers have expressed sympathy with the objectives of the campaign, and I look forward to the necessary changes being made in the near future.

However, what I want to talk about this afternoon is how the lower age limit for eligibility for the mobility component of DLA affects some severely disabled young children. In one important sense, it relates to the case for extending the mobility component to sight-impaired people. In both cases, for beneficial reform to take place, we have to stop basing eligibility only on the physical inability to walk.

The rules of eligibility for the mobility component of DLA mean that children under the age of three cannot have it claimed for them. On the face of it, that might seem a perfectly sensible provision. After all, until now, entitlement to the benefit has been based on the inability, or virtual inability, to perform the physical act of walking. It is perfectly logical, therefore, to say that as children in their first years of life do not walk, or certainly do not get around independently, they should not receive the mobility component. Most kids, until they are three, will mostly be pushed around in pushchairs, so there is no reason to take compensatory action because of their inability to walk. That approach is logical but ignores two things: first, the advances in therapeutic technology—often, bulky, heavy technology—to help disabled children develop more successfully as they grow in the early years or just to have a more comfortable life and, secondly, the difference that access to this benefit could make to families with a disabled child in the first years of coming to terms with an entirely new situation.

I became aware of this serious omission in disability provision just over four years ago when I met Mr. and Mrs. Owen—Alison and Andrew—and their daughter Seren, who live in my constituency. Seren was born on 14 April 2002, by caesarean section, in Singleton hospital, Swansea. She was in a very poor way and Alison and Andrew were warned after 18 hours that she was likely to die and the only treatment that might be able to save her was available at Glenfield hospital, Leicester. A Sea King helicopter was sent to Leicester, for necessary equipment and a nurse, and then to Swansea for Seren. Alison and Andrew were told that they should name the child in case she did not survive. As it was night time when she was being picked up and taken up into the sky, they called her Seren, which means "star" in the Welsh language.

Seren was, and is, a fighter. She lived and returned to Swansea. When she was 12 days old her parents were told that Seren had cerebral palsy. In fact, she had quadriplegic cerebral palsy with hypertonia in all four limbs and hypotonia in her torso and cerebral visual impairment and some sensory hearing impairment. When I met her, Seren was about two and a half years old. Even at that age, she had already had a lot of medical attention and hospital treatments. The good news, from her parents' point of view, was that comparatively recent developments in equipment for children with her sort of condition meant that operations and other intrusive treatment that would, in the past, have been necessary as she grew up could be avoided.

Seren's parents, like all parents, wanted to give her the best, highest quality of life possible so they got hold of a range of positioning and seating equipment designed to aid postural management. I visited the Owen family in their home to see this equipment. I lifted, or tried to lift, some of it. I can tell hon. Members that it was extremely bulky and some of it was very heavy.

I would just like to tell the Minister what the Owens needed to take with them when they took Seren out for a day, or for part of the day, and what they needed if they wanted to take her away for any longer period of time, to visit her grandparents or go on holiday. On a day out in Andrew's Golf, the first essential was the specialist car seat, which gave total postural support and kept Seren's spine straight, hopefully helping to remove the need for operations to correct curvature at a later stage. This was extremely heavy and, of the members of the family, only Andrew could lift it, and that was not good for his health. But living and working arrangements meant that it had to be transferred between vehicles at times.

When they reached their destination they also needed Seren's special wheelchair, which was issued by the artificial limb and appliance centre at Rookwood. This was a CAPS II seating system fitted within a Blade Plus wheelchair, which is what is called an aggressive form of seating and support that, as with the car seat, gave the postural management that she needed. This was a very solid piece of equipment that did not fold down like a normal pushchair or some other wheelchairs. In the Golf, it completely filled the boot. When they added the tubes and feeding sets that Seren needed, as well as all the normal baby stuff for a child of her age, there was only room for mum, dad and Seren. If any members of the extended family, especially grandparents, wanted to accompany them, a second car had to be taken.

At that time, Alison and Andrew only had Seren, but they were conscious that it would be even more difficult for a family with more children, as well as a severely disabled child of under three years. Would they be denied the opportunity of going out as a family at all? Of course, even apart from Alison and Andrew's determination that they should go out as a family to do all the things that we all do as families, Seren needed to be transported to different places for her development—to physiotherapy and hydrotherapy, the NCH "Stepping Stones" project, occupational therapy, speech therapy and work with her vision impairment teacher.

What happened, then, if they wanted to take Seren somewhere and stay overnight or over several nights? What was needed then? Of course, all the things I have mentioned for a day trip were needed, but with the addition of Seren's Jenx standing frame, which she needed because otherwise, as she could not walk or stand, the ball and socket joint in her hips would not develop normally. The standing frame helped compensate for this, again hopefully reducing the likelihood of the need for restorative surgery or other treatment later in life. She needed her R82 Panda hi/lo chair, which was basically her feeding and social interaction chair; it was a sort of waistcoat design that provided total support of the torso but freed the arms to reduce tension. That piece of equipment, on its own, also completely filled the boot of the Golf. Seren could not at that time take all her food by mouth. She received food overnight through a pump feeding system that involved a stand and pump. That needed to be taken along, as did the foods and medicines that she required.

On a longer stay away, Alison and Andrew would want to take Seren's special toys—bead curtains, for instance—which are designed to aid the development of children with severe learning difficulties. They would have liked to be able to take Seren's other more comfortable Tumbleform chair, made from foam sponge and in which she could spend up to half an hour without harm being done. They would want Seren's wedge and Dreama sleep system, which kept her legs separated when she was sleeping, which was also important for her future development.

It was impossible for the Owen family to travel in one car on a visit overnight, or for longer, at least without leaving beneficial pieces of equipment behind. Fortunately, Alison managed to run another small car, so although they could not travel as a family they had the means to get themselves and all Seren's stuff from A to B. But, again, they asked the question, "How do families manage who do not have access to a second vehicle?" I suspect that they are trapped in their own homes, to a very large extent.

To add to the difficulties for Seren's family, she had just had Botox injections to loosen her hips and she was supposed to spend time in a plaster cast, so transporting her in a normal family car was again made that bit more difficult. The Owens had identified the vehicle that would have made their lives so much more easily managed: a specially adapted large people mover with any lip on the boot removed and a ramp or lift on the back so that Seren could be wheeled straight in. Of course, from their own incomes they just could not afford this. If the mobility component of disability living allowance and, therefore, access to a Motability deal were available to under threes, they could have had that from the time they first needed it. Alison and Andrew, through a combination of determination, superb logistical planning and buckets full of love, made sure that they provided Seren with everything that could help her, including getting her out and around. Seren reached the age of three in April 2005 and they were able to use Motability to get the transport that she needed.

During a street surgery in their village this summer, I met the Owen family, now extended again. They were just returning from a holiday in the vehicle that makes life so much easier for them. Seeing Seren again and noting how successful those heavy therapeutic devices had been made me think again that these people should have had that vehicle from the day they first needed it, and it made me determined to try again to persuade the Government to, at least, reconsider their approach to the needs of disabled children under three.

I have collected other testimony from affected parents, not just in my constituency but across the country.

John Barrett (Edinburgh, West) (LD): I am listening to what the hon. Gentleman is saying. This is a tragic situation for parents throughout the country. I hope that the hon. Gentleman is successful in what he is pushing for. I emphasise that the case that he is describing is repeated throughout the country. The Liberal Democrats would be glad to give any support that they can to push the Government to be flexible about the age three limit.

Mr. Caton: I appreciate that. I am sure that that is true.

I give some testimony from other parents who are affected, some in quite different situations to those of Seren's parents. Apart from failing to keep up with the sort of therapeutic technology that Seren needed, the three-years rule also fails to recognise that some disabled children under three have powered wheelchairs. Many ordinary family cars cannot take such wheelchairs or, even if they can, it is difficult to get them into the vehicle. Mrs. S's daughter, who falls into this category, says:

> "The allowance should take into consideration what the child needs—not how old they are."

Mrs. DP has a disabled child and believes that the independence provided by her powered wheelchair

> "has been so good for her self esteem and quality of life".

Unfortunately, this cannot be transported in the family car. Another parent said,

> "If your child is disabled, it's not about their age it's about them and what they need."

I have been told about a one-year-old girl with spina bifida, hydrocephalus and cleft pallet, who is being tube-fed into her jejunum and is oxygen-dependent. The family relies on taxis to transport all her equipment on the frequent hospital visits that they have to make.

I have been provided with numerous other examples, but the picture is the same. What was true for Seren before she reached the age of three is true for a number of other very young disabled children. There is a need here that we are failing to meet and it is time we started thinking about how we can meet it.

1.39 pm

The Minister of State, Department for Work and Pensions (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Gower (Mr. Caton) on securing this important debate and setting out his case so eloquently. I send my regards to Alison and Andrew, Seren and the other additions to the Owen family, whom he did not name. I also congratulate him on his Adjournment debate on the subject in 2004, which I believe was instrumental, or at least a catalyst, in lowering the age from five to three.

My hon. Friend, as an expert in these matters, will know that disability living allowance is the principal benefit available to severely disabled people who acquire their disability early or relatively early in life and who have had restricted opportunities to work, earn and

[Mr. Tony McNulty]

save, unlike those who become disabled in later life. It is not a compensatory benefit, but it is intended to provide a measure of financial assistance to help disabled people meet the diverse range of additional costs that arise from disability. The benefit is not based on someone having a particular disability or medical condition. Although it is important to know what someone's disability is, the key to entitlement is what effect the disability has on a disabled person's requirement for personal care or supervision and/or whether they have mobility difficulties.

Disability living allowance is made up of two components: a care component paid at one of three rates and a mobility component paid at one of two rates. Broadly speaking, the care component is awarded on the basis that an individual requires personal care or supervision because they have a physical and/or mental disability, and the rate at which it is paid increases with need. The mobility component is not awarded on a sliding scale of need. Its two separate rates recognise the two key features that can restrict people's mobility out of doors. For the higher rate, that means physical inability or near inability to make progress on foot, and for the lower rate, it means a requirement to have someone to provide guidance or supervision when out of doors on unfamiliar routes because of a physical or mental disability.

That, briefly, is the basis for entitlement, but entitlement to either component does not mean that the recipient is compelled to spend their benefit on care or mobility-related extra costs. For example, someone in receipt of the care component could, if they wished, spend their benefit on other disability-related expenses, such as additional heating or washing. DLA puts the disabled person in control and lets them decide how to spend their benefit according to their own unique priorities. My hon. Friend will know that nearly 3 million people receive the allowance, including more than 300,000 children, and the numbers continue to grow year on year.

On the specific issue of the higher rate mobility component, I am not—he will be tired of hearing this—unsympathetic to the arguments that my hon. Friend put forward, but the higher rate mobility component is determined, rightly, by the inability or virtual inability to walk when out of doors. When deciding entitlement to that component, decision makers must consider how far the person can walk, the speed of their walking, the manner of their walking, whether walking brings on severe discomfort and whether the act of walking could be detrimental to their health.

Those are the statutory requirements, which are intended to achieve a reasonable view of someone's walking ability. I know that my hon. Friend is not challenging those criteria and that his argument is simply that a different set of criteria should be invoked for the under-threes, given the impact of the child's needs, including for heavy therapeutic machinery to assist them. I am not saying that outlining the current criteria smashes entirely his argument that there should be an extra component for under-threes, and I will return to that point.

Mr. Caton: I mentioned the campaign by the Royal National Institute of Blind People in which blind people are seeking a higher mobility rate. We have heard Ministers give that campaign sympathetic responses. If that can happen for blind people, the walking criterion has gone anyway. Surely that gives us the opportunity to consider the rights of very young severely disabled children.

Mr. McNulty: I will come on to the RNIB campaign. At the moment, at least, it is not something that we plan to deal with in a positive fashion. However, I take my hon. Friend's point about the criteria and the wider point made by him and others that the needs of the individual should predominate over administrative and bureaucratic criteria. I accept that; it is a perfectly reasonable point of view.

With reference to young children, I think that we can all agree that the great majority of non-disabled children can walk by their third birthday, and many much earlier than that, but that very few can walk considerable distances. Most still require significant help from their parents and rely absolutely on prams, buggies and so on. However, hugely significant scientific and medical advances over recent years have enabled more children who might, sadly, have died to have a good quality of life up to three and beyond. They are not confined to long-term residential care or worse but can, through a variety of technical innovations, live extended and fulfilling lives at home. That is something that we all celebrate. I take my hon. Friend's point that sometimes the equipment used to support such children can prove bulky, heavy or awkward and place a great strain not only on parents' and siblings' time, resources and finances but on their quality of life, as he eloquently explained, and on normality of life, which I am sure is what they strive to achieve.

A range of measures already exists over and above the care component of disability living allowance to help families with young disabled children. The disability-related premiums in the income-related benefits and the additional elements for disabled children in tax credits are two such statutory provisions. Extra statutory schemes such as the family fund can also provide help for poorer families who find themselves in situations such as those described earlier. The fund can help with travelling costs and can extend to the purchase of vehicles in exceptional cases, although all decisions are taken, rightly, on a case-by-case basis. As I have said, just over 306,000 children are in receipt of DLA, 42,000 of whom are under the age of five. They represent the Caton gap, if I may call it that, in terms of the reduction from five to three.

Mr. Caton: I cannot take credit for that, I am afraid, although the Government can. The reduction from five to three happened before my debate. However, I thank the Minister for trying to attribute it to me.

Mr. McNulty: I will carry on attributing it to my hon. Friend. He was there in spirit, if not in actuality.

We keep matters under constant review. I would be grateful, as would the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw)—he would normally respond to such a debate, but he has the great delight of appearing today before the Joint Committee on Human Rights—if my hon. Friend, the hon. Member for Edinburgh, West (John Barrett) and others submitted to us the examples that they gave and more. I shall endeavour, as my parliamentary colleague did in 2004, to get officials to reconsider not just the higher mobility component of DLA but the broader context of the benefits and statutory programmes that might have assisted my hon. Friend's constituents Alison and Andrew when Seren was under three.

When Ministers say that they will keep something under review, that sometimes implies, "I've given you half a bone; now go away, please." I actually mean it in this case. The cases that my hon. Friend has cited are significant, sensitive and serious. The matter is worth revisiting, and a responsible Government should do so regularly, but he will forgive me if I consider it in detail as well as in the round along with other options. I think that the answer will involve more than just flicking the switch for under-threes in terms of the higher component of DLA, but there might be some way to look across the piece at the statutory provision and see whether we can get much-needed equipment for people like Seren and her family, whom I use as a proxy, as Seren is now over three. I will ensure that I give my hon. Friend a full response at the earliest opportunity after we have gone into that much more detail.

John Barrett: Will the Minister give way on that point?

Mr. McNulty: Just about, but you will forgive me, Mr. Key, for saying, because I am a bit of a stickler for these things, that in Adjournment debates here or in the Chamber, it is customary, to my mind—it might be old-fashioned—for anyone other than the person who introduces the debate to at least let the Minister know that they want to intervene. I am happy for the hon. Gentleman to do so, but I said that because I am a bit of a stickler and an old fuddy-duddy.

John Barrett: I apologise to you, Mr. Key, and to the Minister for not asking about intervening. I want to be supportive in the debate. I should like to forward examples from my constituency to the Minister so that he can look at the position around the country. As was eloquently stated, the problem is suffered by many families and young children up and down the country.

Mr. McNulty: I accept that, which is why I tried to frame the debate in the spirit that I did. We should always keep such things under review. I would value that evidence, because it can inform the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Chatham and Aylesford, and me, once officials have looked at the matter again. I thank my hon. Friend the Member for Gower for raising the issue. In the broadest sense—it is not only about DLA and the higher mobility component—it should be incumbent on the Government and the Department for Work and Pensions to consider and take his comments very seriously.

Question put and agreed to.

Adjourned accordingly at nine minutes to Two o'clock.

Westminster Hall

Wednesday 19 November 2008

[Mr. Peter Atkinson *in the Chair*]

Stern Report

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watts.]*

9.30 am

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I am grateful for this opportunity to discuss the Stern report, two years after its publication. I came to the subject when I was chairing a policy group. The globalisation and global poverty group was considering ways of trying to improve the lot of people in developing countries who live on a fraction of the money that we have in the developed world. We were conscious that climate change was likely to have a more adverse impact on them than on anyone else. Yet, by definition, people in those countries cannot be held to blame for carbon emissions, their emissions per head being a fraction of those in the developed world. However, they are likely to suffer most and are already experiencing climate change, which in many areas has had adverse consequences, but they have the greatest need to use energy to raise their living standards.

I accepted and took it for granted that we in the developed world should bear the brunt of the costs of mitigating climate change and helping people to adapt, and it was with that outlook that I opened the Stern report when it was published shortly before my report went to press. I opened it at the section on development. The first page says that studies show that the effect of global warming by the middle of this century could be to reduce crop yields in India by up to 70 per cent., and then gave more details. That rang a bell, because I had been examining agriculture in India and other developed countries. When I read the footnote, I found that, sure enough, it was a study that I had seen. It showed that the impact of climate change, if there was no adaptation, on one species of grain could be to reduce its yield by 70 per cent. It also showed that climate change could increase yields of other varieties of the same grain by up to 15 per cent., but that was not in the Stern report. When I read the footnote, it gave the exact source, but said that it assumed no change in behaviour.

That made me suspicious of the Stern report. It showed one side of the picture—the downside—but deliberately ignored the upside. I am not saying that the upside cancels out the downside; but that is not a proper way to approach the subject. In his review, Professor Stern makes much of the importance of the peer review process, but his report was not subjected to peer review, and it is time that it was, or at least to a common or garden review in the House.

Mr. Andrew Tyrie (Chichester) (Con): I think I have found the reference to India in the Stern review—*[Interruption.]* It is on page 97 in my version. It refers to a recent study that predicts up to a 70 per cent. reduction in crop yields by the end of the century, but that is for groundnuts only. What about all the other crops?

Mr. Lilley: It is for only one variety of groundnuts. There is another variety for which a 15 per cent. improvement will be produced.

Mr. Tyrie: No mention is made of the fact that the reference is to groundnuts only. One must read the footnotes to find that information, and then look up the reference. Is that not an example of the appalling opacity of the document?

Mr. Lilley: It is, and that is why, if it had been subjected to peer review, it would not have been passed fit for publication.

My overall position on global warming is that, as a physicist—I studied physics at Cambridge—I am not one of those who deny that carbon dioxide emissions heat the planet. They do have that effect, although there is less certainty about how much the complex feedback effects that climate models seek to replicate may amplify the comparatively modest effect of increasing CO_2 and other greenhouse gas emissions. None the less, in my view it is wise to take measures to prevent and to adapt to global warming, and it is sensible to try to assess the costs and benefits of action and inaction to ensure that we adopt the most cost-effective approach. I was hoping that the Stern report would help us in that process, but I am afraid that it does not offer us much help in the analysis of the science or the economics.

I shall begin with economics, because the review is by an economist and purports to be a review of the economics of climate change. Rather surprisingly, the economics, above all, have come in for most criticism. Professor Stern's conclusion is that we can prevent or mitigate the impact of CO_2 and other greenhouse gas emissions, that it will cost relatively little and that the cost of inaction far exceeds those of decarbonising the economy. In reaching that conclusion, however, he had to adopt several rather unusual assumptions, and he has been criticised for, among other things, using low discount rates and far-distant horizons, making high but unspecified estimates of the impact cost of global warming and low and optimistic assumptions about mitigation costs, and assuming that little adaptation takes place. Above all, his use of low discount rates was criticised. The report is not explicit about the rate that he uses, and that came out only in subsequent discussion and debate. It then emerged that his basic discount rate for future benefits from mitigating the impact of climate change is 1.4 per cent. per annum. That is far lower than that used by other people and in other circumstances. It has two unsatisfactory consequences.

First, as Professor Stern projects the benefits of mitigating global warming far into the distant and indefinite future, using a low discount rate gives great weight to supposed changes that will not occur until centuries ahead.

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate the right hon. Gentleman on securing this debate on what we all agree is an important subject. Is it not possible to become overly technical about discount rates, and does the issue not boil down to the fact that if one cares a lot about the future one is prepared to do

[Mr. Andrew Smith]

rather more to avert catastrophe, and if one does not care so much one is prepared to do rather less? We believe that it is right to do more.

Mr. Lilley: The right hon. Gentleman is right to say that there is an ethical dimension. It is perhaps that dimension on which we in the House should focus and reach our own conclusions. I shall return to why Professor Stern uses those discount rates, and whether the right hon. Gentleman's assumption that the matter is simple is true.

Professor Nordhaus said that if one uses the same methodology as Stern, one can calculate that half the benefits of mitigating climate change, which would be taken into consideration under his methodology of a low discount rate and far-distant horizons, will not occur until after 2800. Even if he uses higher discount rates and other scenarios, it is hundreds of years ahead. There is something rather vain about assuming that we know what the world will be like that far ahead.

A second consequence relates to the question that I have just been asked. Professor Stern is saying that if we do nothing, by the end of this century, people's incomes will, on average, be 20 per cent. below what they would be if we were to stabilise greenhouse emissions to 450 to 550 parts per million between now and then. However, he is still assuming that people will have incomes that are a multiple of what we have now. He is saying that if we do nothing, people's incomes will, for example, be four times what they are now. However, if we take strenuous and costly action, their incomes will be five times what they are now. In other words, we are being asked to make sacrifices now so that, in nearly a century's time, our great-grandchildren will be five times richer than us—instead of only four times richer. When challenged about that, Lord Stern says, "Well, we could've used different assumptions that said we value the extra income from rich people far less than we value extra income from poor people now in the world. But, since we don't believe in redistribution in the present, we shouldn't believe in treating rich people differently in the future from poor people now."

Labour Members who do believe in redistribution will find Lord Stern's dismissal of normal discount rates even stranger than I do. The best analysis of these issues that I have found has been published by Friends of the Earth, which commissioned a report on the Stern review from Professor Ackerman. That is an excellent report. Clearly, Friends of the Earth's sympathies lie with Professor Stern, and I am sure the attitudes, conclusions and political philosophy of Professor Ackerman are different from mine. However, he has produced an excellent report and I commend it to hon. Members because it is so objective and fair. It leaves one pretty free to make up one's mind on the issues that he clarifies. Even he concludes that Stern's methodology is open to criticism:

> "A balanced conclusion might be that Stern demonstrates that 1.4 per cent. is among the plausible discount rates—and that such low rates have profoundly different implications from rates like 5-6 per cent., used in many other analyses."

He acknowledges that such a rate is rather unusual—although it is plausible. However, it is important to note that it leads to different conclusions.

It is equally important to note that the Government have effectively repudiated the use of such a low discount rate. They published an impact assessment on the Climate Change Bill to inform the House during the debate on the Bill. Sadly, hon. Members chose not to refer to the impact assessment. Minister's did not refer to it; it was not referred to in Committee, and it was not referred to in debates, other than by me. However, when I asked what discount rate the Government were using to assess, compare and contrast future costs and benefits, it emerged that they were using the standard Treasury discount rate of 3.5 per cent. a year, falling to 3 per cent. after, I think, 60 years. That is still far lower than the rate used by most people who do commercial feasibility studies. The Government failed to mention or address that fact during debates. However, the fact they are using a more normal discount rate leads them to a different assessment of the relative balance of costs and benefits from that reached by Professor Stern.

In the impact assessment, the Government refer to excluding transitional costs, which they put at between 1.3 and 2 per cent. of gross domestic product up to 2020, and excluding the effects of driving businesses away from this country to overseas, where they will continue to emit the same amount of carbon dioxide—although we will receive none of the economic revenues generated by them. The Government make the heroic assumption that industry adapts instantly and perfectly with full knowledge to use the best and most efficient technology to reduce carbon emissions. Even making such an assumption, the potential cost of this country meeting its former target of a 60 per cent. reduction in emissions is £205 billion. Yet the same report from the Government shows that the maximum benefit from reducing the amount of global warming via the programme enshrined in the Climate Change Bill is £110 billion.

In short, the potential costs are nearly twice the maximum benefits. That was when the target was still 60 per cent. When I asked the Government to update their estimate to take account of the fact that we were increasing emission targets by a third to 80 per cent., they said that they would do so only after the Bill has received Royal Assent. So, we are not to know the cost of what we have voted for until the measure is enshrined in law.

I have three questions for the Minister. First, does she stand by the discount rate used by her Government, or does she think that that rate was wrong and Professor Stern was right? Secondly, if they do stand by the discount rate that they used, why do they still quote the conclusions about the balance between costs and benefits in the Stern report and never mention the costs and benefits in their own impact assessment? Thirdly, when will we receive a revised impact assessment telling us how much additional cost and benefit we can expect as a result of increasing the emissions target from 60 to 80 per cent?

A lot hangs on this because, even if we accept Stern's forecasts for global warming, there are three possible different strategies. In general, one would expect to use a balance of the three, but that balance will be determined by the analysis of costs and benefits. Those strategies are a straight reduction in emissions by setting targets for the country and particular sectors; helping the developed world adapt to aspects of climate change that affect it most directly, severely and adversely; and a massive programme of research into alternative ways of reducing emissions and generating energy in a carbon-free fashion. The way in which we distribute resources between those alternatives will depend heavily on how we discount future costs and benefits.

I would like to return to the science of the issue. I mentioned that I studied physics and natural sciences at Cambridge before studying economics. Subsequently, after I had left university, I also studied statistics. The fact that I have some knowledge of physics does not make me a climate scientist; it simply means that I can understand the basic physics that is involved. More importantly, I understand the scientific method. I and my generation were taught the Karl Popper approach to science, which is that one should constantly confront the prediction of our theories with the facts and if the two are not in accord, we should modify the theory. That is not the approach taken by Professor Stern or his disciples. His approach is not so much that of Karl Popper as that of the great German philosopher Hegel, who believed that it was possible to deduce all scientific truths from first principles. When his disciples pointed out to him that his theories were refuted by the facts, he replied, "So much the worse for the facts."

That is the general approach taken by many of those who belong to the alarmist school of climate change—not least Professor Stern himself. The simple fact is that, since the beginning of this century, the average global temperature has flatlined; indeed, over the past 18 months it has fallen back, and according to the satellite measurements of temperature, it is now basically back at the level it was in 1979, when such measurements started to be taken. Professor Stern ignores that and, throughout his report, refers to continual global warming. However, global warming has not continued. Even Adair Turner, who on all other topics is a model of objectivity, ignores recent developments when discussing climate change, in the section of his letter to the Treasury summarising recent developments. The facts show that the world has not been heating over the past decade. The response is: "So much the worse for the facts." While we were passing the Climate Change Bill, based on the assumption that the world was becoming hotter, I mentioned in a point of order that it was snowing outside in October for the first time in 70 years. I was told that I should realise that exceptional cold was a consequence of global warming—so much the worse for the facts.

The recent period of global cooling does not itself disprove the greenhouse effect. The greenhouse effect is a scientific fact. Other things being equal, an increase in carbon dioxide and other greenhouse gases in the atmosphere will raise the temperature. However, the recent period of cooling does suggest that either manmade global warming may be smaller or that the impact of other factors may be greater than climate models have so far assumed. In those circumstances, the climate models should be adjusted; the facts should not be ignored.

The second aspect of the strange approach to science taken by Professor Stern is that he applies a one-way filter to new evidence. Even though he asserts that the science is settled, he accepts that it can change in the light of new evidence. Indeed, he says that since he published the report, lots of new evidence means that the situation is much more serious than he thought and we should raise our targets accordingly. The point about the one-way filter is that Professor Stern and his disciples will accept evidence of change only in one direction. A one-way filter is applied, so that only studies suggesting that the situation is more dire than we had previously believed may be cited. Where climate science is concerned, the theme song seems to be "Things can only get worser".

It is right that we should publish, look at and examine any new evidence that shows that the situation is becoming worse. Equally, we should examine and take on board any evidence that shows that it is not or that the sensitivity of the climate to carbon dioxide emissions may be less than the models—certainly the most extreme models—have suggested, but that was not done in the Stern report and it has not been done by Lord Stern since.

Mr. Christopher Chope (Christchurch) (Con): I am grateful to my right hon. Friend for securing this long-overdue debate. Does he agree that there may be a message for the Government in the words of our right hon. Friend the Leader of the Opposition, who said yesterday:

> "Politicians shouldn't be stubborn and cling to beliefs if circumstances render them obsolete."

Mr. Lilley: That is absolutely correct. It was Lord Keynes who said:

> "When the facts change, I change my mind. What do you do, sir?"

Well, if the facts suggest modification, not abandonment, of the quantitative assessment of global warming, we ought to modify our assessments accordingly. We hear a lot, rightly, about melting ice in the Arctic, but little or nothing about the increased ice cover in the Antarctic or, indeed, in the Arctic over the past year.

The third strange aspect of the scientific methodology adopted by Professor Stern and his disciples is that he believes that truth in science is determined by majority verdicts and once a majority has spoken, its verdict should not be questioned. I remember that, back in the 1930s, the German Government got 100 physicists together to sign a declaration stating that Einstein's theory of relativity was false, to which Einstein replied: "If I was wrong, it would take only one scientist to prove it." Science is not a question of adding up majorities. That is particularly true when one moves from science to statistical models, and this is the last aspect that I want to dwell on.

As I said, I accept the science of the greenhouse effect. Carbon dioxide and other greenhouse gases, not least water vapour, absorb outgoing infrared radiation and reflect it back to the earth, while allowing incoming radiation at higher wavelengths from the sun to pass through. That is the core greenhouse effect. It can be quantified mathematically. We know that a doubling of greenhouse gas emissions—CO_2—would bring about a 1.2 to 1.3° change in the temperature of the climate by the direct impact of the greenhouse effect. There is little dispute about that. There is little dispute, either, that we have already had 0.7 of that 1.2°, because the effect is logarithmic; early increases in CO_2 have a far bigger impact than later ones.

[Mr. Lilley]

That is the science. Beyond that, one goes to statistical modelling. I used to do statistical modelling to try to fit models to complex economic systems in much the same way that the climate scientists try to fit complex models to the complex climate system. I know how difficult that is to do well, not because it is difficult to find a good fit between a model and reality, but because if there are many unknown parameters, it is all too easy. A famous mathematician said, "Give me four unknown parameters and I'll make my model describe an elephant. Give me five and I'll make it wave its trunk." There are so many unknown parameters that it is very easy to fit a climate model to the data in the past, but very difficult to get it to predict accurately the future. I think that it was Milton Friedman who said, "There is only one perfect correlation that comes out of statistical analysis, and that is between the prejudices of the model builder and the conclusions his model incorporates." That is true of many climate models, and it is time that we confronted the facts and asked the people who rely on those models to explain why they have not predicted, for example, the past decade of comparative temperature stability.

Equally, we should question those who deny the science and are critical of the models. I have noticed how some people on the sceptical wing of the argument who have always been very sceptical of the climate-alarmist prediction based on their models latched on to a recent German study that tried to explain the period of cooling or comparative stability that we have had and went on to predict cooling for another 15 years. We should be as sceptical of that as we are of other positions. We simply do not know to what extent the feedback mechanisms will amplify the basic modest impact of carbon dioxide emissions in reflecting heat back on to the earth.

I hope that we will hear from the Minister today the Government's current views on the Stern report. Do they accept it as a valid analysis of the costs and benefits of taking action to mitigate climate change, or is it superseded by their own report? Do they have any explanation of why the science has not predicted recent developments? Are they undertaking work to adjust climate models and climate predictions in that regard? Are they reconsidering the balance of investment that we should make between mitigation, adaptation and research and development? Unless and until we receive answers to those questions, the Stern report will stand open to question and the Government will have to share the—

Mr. Andrew Smith: I am grateful to the right hon. Gentleman for giving way as he is bringing his remarks to a conclusion. Given what he has said, does he not accept that, given the catastrophic consequences of global warming, the precautionary and sensible thing to do is to act now to avert possible catastrophe—he may argue about how likely that is—because the consequences of not doing that means that it will be impossible to act effectively in future? In other words, should we not err on the safe side?

Mr. Lilley: It is sensible to take out an insurance policy against global warming. We do not know how much of it there will be, but there will be some. We do not know how damaging the consequences will be, but beyond a certain point they will be negative. We do not know whether the consequences will be catastrophic, but a theoretical case suggests that, in certain circumstances, there could be major damage. However, that must be balanced against the costs. The route that we are offered might cost this generation more than it will save future generations. If we stop helping poor people to raise their living standards to our level, by concentrating on people who, in any case, have benefited from a century of growth, and try to achieve a yet bigger multiple of living standards higher than our own, that is not a sensible thing to do.

The Ackerman analysis that I mentioned is critical of Lord Stern's attempts to try to find and cost large future damages and catastrophes. He cites a range of recent disasters and assumes that instead of being rare and random events, they will almost become the norm in the centuries ahead. However, the costs are hard to assess. For example, he puts the costs of Hurricane Katrina at £135 billion, but that loss of lives and property could have been prevented for a small amount, regardless of climate change—if indeed that had anything to do with Hurricane Katrina.

Our path is determined by an assessment of the costs and benefits. Although it is sensible to take out an insurance policy against future damage caused by global warming, it is foolish to take out such a policy if the premiums are greater than the value of what we seek to protect. The Government analysis says that the £205 billion premium that we could be required to pay to mitigate climate change is greater than the £110 billion of benefits which they assess will flow from that. We must answer these questions sensibly rather than sidestepping them. It is not enough to say that, because the facts are inconvenient and the questions difficult, so much the worse for the facts, we will not bother to answer the questions.

10.3 am

Mr. David Heathcoat-Amory (Wells) (Con): It has been fascinating listening to my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley). He is a voice of reason in a debate that increasingly has become an article of faith. The evidence in the Stern review relied heavily on the intergovernmental panel on climate change. I have read the bulk of both reports and I am aware of being in the presence of something similar to a secular religion with its articles of faith and its heretics. I do not classify myself as a heretic, but like my right hon. Friend I am always alerted by the absence of something in a report.

I am an amateur astronomer and chairman of the all-party group on astronomy. In a strictly amateur way, some of us have studied the phenomenon of climate change and global warming from a slightly different perspective. Some professional astronomers advance a theory that links fluctuations in terrestrial temperatures to variations in the sun's magnetic field. That has nothing to do with sun spots as is sometimes thought—it is due to the influence of that magnetic fluctuation in the incidence of cosmic rays on the earth's atmosphere, which in turn affects cloud cover. There is a correlation—which does not necessarily imply causation—between the fluctuations of the sun's magnetic field and terrestrial temperatures in the past. I do not claim that as an explanation, but it is a theory that should at least have been addressed by the IPCC, rather than being entirely excluded.

All scientific theories are provisional, and as my right hon. Friend eloquently demonstrated, they must adapt in the presence of new facts. Alternative theories must be examined rationally. I do not find that approach in the IPCC's report or in the Stern review that is based on it. Nevertheless, I believe that precautionary measures are appropriate, provided that they are proportionate and founded on reason.

I, too, have misgivings about the discount rate used by Stern. That has been well described by my right hon. Friend and I will not repeat his arguments. However, it is odd to use a discount rate of 0.1 per cent., which to my knowledge has never been used before by the Treasury. That figure is distorting against the use of higher and more normal discount rates, and it tips the argument in favour of present pain to try to ensure future benefits. In practice, it means that we would impose very high costs on poor people today in order to make rich people even richer in the future. That needs explanation.

Stern's whole approach is market-based, and in that I do not disagree with him. However, it is puzzling because measures flowing from that type of argument do not seem to do the same thing. On 13 October, I attended a meeting of European Committee A, at which the Government brought forward European Union proposals for additional measures affecting passenger vehicles and manufacturers in the European Union. That was accompanied by an impact assessment—a cost-benefit analysis. The impact assessment asserted that the cost and benefits of the proposal could range from an estimated £2.5 billion benefit to an £11.1 billion loss at the other end of the spectrum. That is after taking account of the benefits of carbon dioxide reductions if the measures are implemented. There is an acknowledged mean cost of between £6 billion to £7 billion and yet the Government were advocating that we went ahead and accepted and enforced the regulations, which at that time were in draft form.

Even more puzzling is the fact that the Conservative party appeared to accept the EU regulations. Subsequent negotiations have taken place and the regulations have been slightly relaxed—at least, the time period to introduce them has been extended. That is no thanks to the British Government who took a much harder approach.

Following on from the Stern review, we are imposing on our economy and manufacturers acknowledged costs that outweigh the environmental benefits, and we are doing that in the middle of a recession. I am alarmed about the effect of that on fuel poverty and about the incentive for businesses in this country to migrate to other countries. We may meet our international carbon dioxide reduction target, but only by making the recession worse.

On top of that, we—that includes the Conservative party—have now accepted a new target for an 80 per cent. reduction in CO_2 emissions by 2050, rather than 60 per cent. That will now include aviation and shipping. There is no way on earth that we will meet that target. I return again to the point that we must found our policy on reason and what is realistic and practicable, otherwise we will simply disillusion the public.

Mr. Chope: Does my right hon. Friend accept that one of the big flaws in the Stern report is that it does not engage with reality. On 23 October, in an article in *The Guardian*, Professor Stern wrote:

> "we must…halt deforestation - the source of 20 per cent. of greenhouse gas emissions",

but he did not say how that would be possible. Does not that same flaw run through the whole report?

Mr. Heathcoat-Amory: I agree with my hon. Friend. It is an abuse of the political system to mandate impossible targets and policies. Instead of convincing the public, it will disillusion them.

The claim is sometimes made that a switch to green technologies and regulation as I have described will create enough jobs to replace those lost in the economy. Of course, any regulatory system that requires technology will produce visible jobs in research and technology as well as administration and enforcement, but if that process puts up prices elsewhere, jobs will be lost. Those might not be so visible, but they will be real nevertheless. Perhaps a good, simple example is the carbon capture and storage technology, which many believe—the Conservative party is mandating it—should be used for any new coal-fired generating stations. I accept that the technology, which is wholly untried, will create jobs. Scientists and technologists inventing the technology will receive grants, and building the plants, which will be more expensive, will involve higher costs and therefore require higher employment. However, because the plants will be more expensive, the electricity produced will cost more, which will put up prices, creating fuel poverty as well as higher costs for the whole of British industry.

A less visible, but still real loss of jobs will result elsewhere from rendering our economy less competitive. The argument, therefore, that we need not worry because we will create a new stream of employment is flawed. If we distort our economy in that way, we will move away from a market-based approach to wealth generation. Furthermore, by tying up capital expenditure, research grants and employment in one sector of the economy chosen by the Government, we will obviously produce less wealth and research and technology implementation in other areas, such as health, which might—in my view, probably would—create greater human welfare.

In all those ways, I urge the Government to revisit, at the very least, the underlying arguments brought forward by Stern and others and to found our future policies more on reason than faith. With those few words, I endorse the argument that my right hon. Friend has so ably enhanced in this short debate.

10.14 am

Mr. Andrew Tyrie (Chichester) (Con): I am grateful, Mr. Atkinson, for the opportunity to speak in this debate, which I am pleased that my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) managed to secure.

I would like to say a word or two about my involvement in, and position on, the matter before us, which I have been looking into, on and off, for about 20 years. In 1989, I was asked to provide advice to the then Chancellor of the Exchequer on an interdepartmental report prepared by the then deputy chief economist, John Odling-Smee. That is what first alerted me, and I have followed the issue, particularly the economics of it, ever since.

The basic science is not in dispute, but there are two questions in that science. First, what temperature increase will result from any given increase in carbon concentrations?

[Mr. Andrew Tyrie]

The scientists are not unanimous, and dispute is widespread in the scientific community. A Hamburg institute study of opinions, prepared by Professor Storch, is decisive on that point. Furthermore, Professor Lindzen—arguably the father of modern climate science—of the Massachusetts Institute of Technology, was asked to be the lead author of the 2001 science part of the report by the intergovernmental panel on climate change and has argued vigorously against the so-called consensus.

The second controversial question is about impacts, to which my right hon. Friend alluded. Throughout the area of science dealing with impacts, hot disputes are raging. For example, is it true, as is widely asserted, that a given increase in temperature will lead to an increase in malaria? That view can be found in many documents purporting to make the case for urgent cuts in carbon emissions, but most of the world's leading malaria experts refute it. The same can be found on glaciation and the alleged increase in tropical storms. The world's leading expert on the latter resigned in disgust from the IPCC process, I think because he felt that his science was being tampered with.

Recently, Professor Lindzen himself wrote a very interesting, thoughtful and accessible paper—I hope that this sort of material is getting to the Minister—entitled something like "Is Climate Change Any Longer About Science?". He is worried that scientific method is being set aside in favour of what constitutes a campaign. My own tentative view is that some warming is happening and that—to put it in the language of climate scientists—there is probably an anthropogenic signal in the temperature record. The effects of further increases could be large. I hold that view very tentatively on the basis of what I have read. The key counter-argument was put by the right hon. Member for Oxford, East (Mr. Smith), who said that even if that is only a tentative view, what about catastrophic risk and the chance that we might shortly pass a tipping point? Was that his point?

Mr. Andrew Smith *indicated assent.*

Mr. Tyrie: However, the tipping point view is not supported by the IPCC, nor the lion's share of experts in this field. That catastrophic risk needs to be set against other risks, such as the risk of nuclear proliferation, of being hit by an asteroid or of pandemics, all of which have their adherents, including some of the world's leading scientists who argue that they are greater risks than climate change. From what I can tell, the Copenhagen group has concluded that climate change is not even high on the list of those catastrophic risks, but relatively low down.

Mr. Lilley: Is my hon. Friend aware of remarks by Mike Hulme, the director of the Tyndall Centre for Climate Change Research in the United Kingdom, who said:

> "The IPCC is not going to talk about tipping points; it's not going to talk about five-metre rises in sea level; it's not going to talk about the next ice age because the Gulf Stream collapses; and it's going to have none of the economics of the Stern Review. It's almost as if a credibility gap has emerged between what the British public thinks and what the international scientific community think…Over the last few years, a new environmental phenomenon has been constructed—the phenomenon of 'catastrophic' climate change. It seems that mere 'climate change' was not going to be bad enough, and so now it must be 'catastrophic' to be worthy of attention. The increasing use of this pejorative term—and its bedfellow qualifiers 'chaotic', 'irreversible', 'rapid'—has altered the public discourse around climate change".

No more authoritative voice need be listened to.

Mr. Tyrie: I will not add to that. I have not read those comments, so I should like to take a look at them.

Martin Horwood (Cheltenham) (LD): I have sat patiently and listened to some of this stuff, but misrepresenting the Tyndall Centre as climate change sceptics really takes the biscuit. When the IPCC does not include things such as the tipping points resulting from the melting of the Greenland and Antarctic ice sheet, the hon. Gentleman must be aware that that is because it has been conservatively trying to preserve consensus among the entire population of global scientists who are involved in the matter. It is not rejecting such a view; if anything it is more likely to include it at a later stage and then upgrade its projections.

Mr. Tyrie: A moment ago, I pointed out that a number of the world's leading sceptics about the science—people considered to be the world leaders in their field—have resigned in disgust from the IPCC process. The hon. Gentleman is shaking his head in dissent, but those are facts. The IPCC has a team of officials who are trying to translate science into policy. There has been very widespread criticism of their attempts to do that. Many argue that they are hyping up the threats. Such a view can be found in the work of David Henderson. Ian Byatt has also done something on the matter. A good number of other top international people, including Professor Lindzen and a number of top climate scientists, have also come to the same conclusion.

Let me turn to the Stern report itself. Lord Stern came to the issue afresh in 2005. He told us that himself; he knew very little about it until then. His main conclusions—it must be borne in mind that he was never an environmental economist—contradict the lion's share of the world's finest minds who have considered the subject over the past quarter of a century. They have concluded that his work is "preposterous", "incompetent" and "neither balanced nor credible", and that it cannot be described as economic analysis and so on.

There is a wonderful passage in the Yale symposium in which Professor Mendelsohn addresses the issue directly in front of Lord Stern. Stern and his team of experts went out to Yale to a very interesting symposium, which provides essential reading for those who are interested in the economics of the issue.

> "Just how powerful is this wizard"—

Professor Mendelsohn is saying that in front of Lord Stern, and the wizard is Nick himself—

> "and what is his command of the truth? Is the Stern Review a complete revision of the economics of climate change"—

over the past 25 years—

> "or is it merely smoke and mirrors? Is the Review substantive and authoritative or is it mostly hand waving?…I think the Report largely is the latter."

So he said "smoke and mirrors". That speech was made in front of the world's leading experts in the field. Yet to my amazement and disappointment, the Government still cling to the Stern review as almost the sole justification for their policy. It is as if it has magical justificatory properties. They do that even if it means flatly contradicting themselves on discount rates, as my right hon. Friend pointed out. I have tabled a number of parliamentary questions myself to try to get answers about the discount rates that are being used. I have discovered that the Government are using different discount rates all over the shop, for projects that are justified on the grounds of climate change policy.

Far from bringing coherence to Government policy, the Stern review seems to have generated something bordering on chaos, a disorder that any cost-benefit analyst would abhor. What if the Stern review is wrong and what if Lord Stern is mistaken about any one of his highly tendentious assumptions and projections, the most important of which is the discount rate itself? Who will pay the price? The price will be paid by the poorest in the world who will be denied access to rescue from absolute poverty, and by the poorest in our society who will pay the most—as a proportion of their total income—for the higher energy prices that will result. The damage will be colossal if he is wrong.

Should we rely on a recondite economic theory radically to restructure global economic activity and put at risk the long-run economic growth—although we have a problem at the moment—that we have seen over the last quarter of a century as a result of globalisation and the prosperity that has come with it? That is what the Government seem to be bent on doing, and it is based on a theory that informs every aspect of policy. It is not just future policy that will be affected; we are paying the price right now. The TaxPayers Alliance suggests that something like 14 to 20 per cent. of current electricity prices reflect climate change policy. We have had the scandal of the emissions trading scheme, which has been a very expensive disaster.

In a previous debate, I have discussed, in some detail, the flaws in Lord Stern's discounting theory. If a more plausible discount rate is used, Stern's conclusions go into reverse. He would then need to argue for much more moderate early cuts in emissions than the crash programme of early cuts that he proposes. My own tentative view is that a more moderate programme, which is supported by the overwhelming majority of environmental economists around the world, is probably the right precautionary approach to take.

In response to the concerns that I expressed in that debate, I received a letter from the Minister that purported to rebut many of the critiques of Stern. The note itself struck me as deeply flawed, but to be sure I sent it to Professor Tol, one of the world's leading experts, and Ian Little, the father of modern welfare economics and Nick Stern's moral tutor at Oxford. Some months ago, they responded to me. They identified not only my concerns but a huge number of others. I will not detain the House by reading out so many of their disagreements with the Government's three-page note. Their comments are so devastating that there is nothing left of it. They show that there is a complete misunderstanding by the Government's own advisers of the Stern review itself. I am not surprised since the Stern review is so opaque and difficult to understand. Even the world's leading experts took a couple of years to unpick it, so it is not surprising that they got it wrong. I will put both the note and the responses that I have had in the House of Commons Library, so that others can look at them.

We are in the realm of deep theory and of trying to understand something known as the Ramsey equation when discussing discounting. The fact that the Government's own advisers have failed to understand the matter should act as a warning to us not completely to restructure the economy on the basis of what can only be described as a very small band of people, led by Nick Stern, who have convinced themselves that more conventional discounting methods are mistaken.

The Stern review, of course, is riddled with a host of other contradictions. A central assumption of it is that the social cost of carbon is greater than the market price. The theoretical object of the trading scheme is presumably to ration emissions until those exchangeable rations trade at a price that can then rise to match the social cost of carbon. What is the appropriate price? If one looks very carefully one can find it, hidden away in the Stern review: it is $85 per tonne of carbon equivalent. That is on page 323. That was subjected to vigorous scrutiny at the Yale symposium. There, Lord Stern, faced by those who are not bamboozled by his intellectual pyrotechnics, appeared to retreat. What he said at page 65 is worth quoting, as it is the core of Government policy:

> "The concept"—

that is the concept of the social cost of carbon—

> "is a valuable one in analysis but much less as a guide to policy. That's why in my presentation I didn't lay a lot of emphasis on the social cost of carbon".

That is a central plank of the argument. There are lots more like that. I shall allude to one more and then close.

There are already two Stern reports. The original Stern review, mark 1, suggests a reduction of 60 per cent. in carbon emissions. Less than three years later, mark 2 appeared, arguing for 80 per cent. cuts—an even more radical crash programme of proposed cuts. Yet on page 276 of the original report Lord Stern appears to disown what he subsequently came out with in the mark 2 report. He says:

> "The lesson here is to avoid doing too much, too fast, and to pace the flow of mitigation appropriately."

He continues by saying that

> "great uncertainty remains as to the costs of very deep reductions. Digging down to emissions reductions of 60-80 per cent. or more relative to baseline will require progress in reducing emissions from...a number of areas where it is presently hard to envisage cost-effective approaches."

I have one last remark with which to end. We will need to come back to the Stern review. The Government, and certainly the next Conservative Government, cannot possibly leave the issue and their policies to be based entirely on a report that has been so comprehensively rubbished by so many of the world's leading experts. I know no precedent for the British Government to persist with such an approach, and I hope that they will reconsider.

10.32 am

Martin Horwood (Cheltenham) (LD): It has been an interesting debate. I congratulate the right hon. Member for Hitchin and Harpenden (Mr. Lilley) on securing it; it is important. As a good Liberal, following the dictates of John Stuart Mill, I recognise that even if the whole of

[Martin Horwood]

humanity is of one voice and one person dissents it is important to hear that person's views. Particularly given the right hon. Gentleman's background in economics and physics, it is important to listen to his reasoned arguments; and they were reasoned—slightly more than those of some of his right hon. and hon. Friends. Some of the remarks of the hon. Member for Chichester (Mr. Tyrie) and the right hon. Member for Wells (Mr. Heathcoat-Amory) misrepresented the Stern report extremely. If I may quote two examples, the right hon. Member for Wells said that no account was taken of solar intensity in the Stern report; but one need only read to page 26 before solar intensity is factored in.

Mr. Heathcoat-Amory: I said nothing about that being in the Stern report. I was talking about the IPCC. Also, the point was nothing to do with solar intensity as regards heat or light; I was referring to the magnetic field and its fluctuations, and its effect on cosmic rays and therefore cloud formation. That is a completely different mechanism, which is not mentioned in the IPCC report even to refute it. That was my suspicion.

Martin Horwood: I think that the record may show that the right hon. Gentleman did refer to the Stern report in that context; but to suggest that Stern did not take account of the well known and well understood effects of solar radiation is to misrepresent him.

Reference has been made to Professor von Storch's work. That also is specifically mentioned on page 6 of the Stern report. He mentions that it is superseded by subsequent and wider data sets that have been taken into account, for instance, by the US National Research Council, which in 2006, two years after von Storch, concluded that there is a high level of confidence that the global mean surface temperature during the past few decades is higher than it has been at any time over the preceding four centuries.

Mr. Tyrie: Will the hon. Gentleman give way?

Martin Horwood: No, I am sorry; time is very short and Conservative Members overran slightly.

I agreed with some of the points made by the right hon. Member for Hitchin and Harpenden. He rightly emphasised the importance of global warming for people in poorer countries, and emphasised that they would be hit hardest first, which I entirely agree about. He acknowledged the truth of the greenhouse effect based on simple chemistry and physics—an important concession that not all his right hon. and hon. Friends make. However, he seemed to cast doubt on the fact of global warming, towards the end of his remarks, by looking only at data from very recent years. He will be aware that to take the data of one decade, let alone one or two years, is much less important than to look at the overall trend. I cannot believe that he really disputes data of the kind presented in the Stern report from the Hadley centre, based on Brohan and others. They show clearly that over the past 30 years global temperatures have risen rapidly and continuously at about 0.2° per decade, and that that brings the global mean temperature to what is probably at or near the warmest level reached in the current interglacial period, which began about 12,000 years ago. All the ten warmest years on record have occurred since 1990.

I have my criticisms of the Stern report, too, although they are rather different ones. It is over-optimistic in many respects. It is soundly based on IPCC data but, as I have mentioned in an intervention, the IPCC is itself quite conservative. In its search for consensus, it has ruled out impacts based on the melting of the Greenland and Antarctic ice sheets, which I think makes it over-optimistic. The text of the Stern report also highlights clearly the dangers of global warming above 2° C above pre-industrial levels and links those with high probability to an increase in concentration of CO_2 in the atmosphere of more than 450 parts per million. However, it then concludes that a concentration much higher than that, of 550 parts per million, is in some way acceptable. I find that a strange discontinuity in the report.

I am aware of other criticisms. It was interesting that the right hon. Member for Hitchin and Harpenden commended the work of Professor Frank Ackerman to us. Unluckily for the right hon. Gentleman, I have read the work of Professor Ackerman and if the House will permit me, I shall quote at some length one of his criticisms of the Stern report. He states that

> "the Stern Review and its well-researched background papers are consistent with IPCC and other reports. There is no hard evidence that Stern has exaggerated the extent of crisis. If there is a problem, it is in the opposite direction: on some important questions, Stern relied too heavily on existing economic research and models, including an analysis that gives low estimates of the probability and costs of catastrophic changes. While the text and diagrams of the Stern Review suggest that the risk of losing the Greenland ice sheet is noticeable at 2° of warming, and severe by 3°, the Stern economic model assumes no risk of catastrophic damages below a threshold that varies from 2° to 8°, with 5° the most common value. A model that took seriously the warnings about catastrophe in Stern's text would reach even stronger conclusions about the need for immediate action to reduce emissions."

I think that perhaps the right hon. Gentleman is being a little selective in quoting from Professor Ackerman.

In a sense, Lord Stern himself has now been added to the critics of the original Stern report. In a conference in April he referred to how he "underestimated the risks" and

> "underestimated some of the effects"

and commented:

> "I think the damage associated with high temperature increases was underestimated."

He went on:

> "The damage risks are bigger than I would have argued. Things like the damages associated with five degree celsius temperature increases are enormous. We could not be precise about what would happen to the world, what it would look like, but we can say that it would be a transformation. The last time we had temperatures like that, we had a world of swampy forests."

In other words, if he were writing the report now he would have been even clearer about the costs of inaction and would have set the costs even higher.

The right hon. Gentleman referred to a footnote on page 142, suggesting that some of the evidence on which some of Stern's conclusions were based was a little weak, yet pages 140 to 142 show three pages of scientific references and data on which Stern based many of his conclusions. He took account of many consensus views, including that of the IPCC. Members who have suggested that Stern made rash or irrational conclusions underestimate the extent to which uncertainty and risk were carefully factored into his model. He actually takes a prudent view of risk. His model ran different scenarios a thousand times and averaged out the impact, so his view of uncertainty and risk is prudent and wise.

The right hon. Gentleman suggested that Stern's economics were at fault, claiming that he used a very low discount rate that was far lower than that which people use in other circumstances. Of course, a different discount rate was used to factor in the effects of something that will have an impact not only for decades or centuries, but over millennia, and in relation to which the decisions taken now will critically affect the future outcome. He suggested that taking a future prediction of wealth in which people were only four times wealthier than they are now, rather than five times wealthier, was somehow rash, but that would be a 20 per cent. reduction in future gross domestic product, which would be an extraordinary economic cost, and not one that I am altogether sure the rest of his party would advocate.

Incidentally, the discount rate was also addressed by Professor Ackerman, who also concluded that Stern is broadly right. The discount rate is based on several factors, including the ethical factor that one values one's great-granddaughter's life as much as one's own. Setting short-term economic advantage against the lives of future generations certainly suggests that the number for the so-called rate of pure time preference should be very low indeed—I think that Stern used 0.1 per cent. The other element of the discount rate is the assumed rate of economic growth. It now appears that Lord Stern, in assuming 1.4 per cent. growth, might have been rather optimistic.

I agree with the right hon. Gentleman about the Government's inconsistent use of the discount rate, which I think has had a negative impact on decisions such as that relating to Heathrow, and I would like to repeat exactly the same question he asked about the use of the discount rate and where the Government now stand on it.

I will finish by giving one final conclusion from Professor Ackerman's study. He claimed:

> "A reasonable economic analysis of climate change requires a discount rate roughly as low as Stern's, in order to 'see' the future; a broad treatment of uncertainty, something like Stern's, to reflect current scientific knowledge of the problem; and rigorous examination of expected damages, which are likely to be even greater than Stern suggested. While no one is exactly right on every question, Stern is 'much less wrong' than most of his critics."

10.42 am

Charles Hendry (Wealden) (Con): I congratulate my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) on securing the debate and for the constructive and thoughtful way in which he introduced it. It is typical of him to bring to the debate the expertise that he has gained from some of the highest levels of government, which explains the respect people have for him. I do not want him to get the impression that I am about to agree with his speech in its entirety, or even in its majority, but it is important to put on record his background and the expertise he brings to the debate.

I certainly agree with him about the importance of rigorous assessment and with the Karl Popper approach to such things, which suggests that we will not carry public opinion if we are not open to challenges on the argument or to having a debate about the issues and the basis on which we introduce policy proposals. We can only carry public opinion if the public are convinced by the arguments, which is one reason why I tabled an amendment to the Energy Bill Committee proposing that customers should be shown the exact cost of the green element of their electricity on their bills. If they pay £80 or £90 a year, they should know what that green element is, so that they can have an informed debate about it, rather than feeling that some of the key information is being hidden from them.

We should not, however, use that ongoing debate as a reason to put off action. We are all, as politicians, on a journey, and where we start and end is different for each of us. I know that my right hon. Friend the Member for Hitchin and Harpenden, just a few years ago, was on the other side of the debate. He was one of the signatories of early-day motion 178, as many of us were, which stated that

> "climate change is a threat to civilisation"

and welcomed

> "the cross-party agreement in favour of major cuts in greenhouse gas emissions, and particularly in carbon dioxide emissions",

and called for the introduction of a climate change Bill. My right hon. Friend's position has moved as different arguments have been put forward, but at the same time many of us have moved in a different direction because of the evidence that we have seen.

I am persuaded that we have seen a non-linear increase in global temperatures, and I understand that scientists agree that, in the past 2,000 years, the world's temperature has never been higher than it is today and that that increase cannot be explained by natural causes. I have seen good explanations for some of the contradictory evidence that has been put forward. My right hon. Friend the Member for Hitchin and Harpenden commented on snowfall, and snow is falling in Antarctica, rather than the ice that should be developing. Snow should not fall there, because the temperature should be so low that snowfall is impossible, so that is evidence that the temperature in Antarctica is rising.

We should be well aware of the contribution that man is making to that change. We contribute 26 billion tons of CO_2 to the world's atmosphere every year, half of which comes from energy generation. That figure is 100 times larger than the CO_2 emission from volcanoes, which some people regard as an explanation for the rising levels of CO_2 in the atmosphere. It cannot be good that we are producing so much CO_2, and it should be our intention to try to reduce it.

My concern about the approach taken by my right hon. Friend the Member for Hitchin and Harpenden is that, although he delivered it in a balanced way, it could be used as a justification, not for doing less, but for doing nothing. If we want action to be taken, we need to move forward, and we cannot be put off taking action that needs to be taken early. While we have heard discussions this morning about the discount rates, the key message of the Stern report for me is that the highest cost of the damage resulting from doing nothing is significantly higher than the highest possible cost of

[Charles Hendry]

mitigation. We return to the argument about insurance, and whether it is sensible to take up 1 per cent. insurance cover, just as we would to protect our homes from damage and fire, even though the risks are less than one in 100, and to take a similar approach to insurance for our planet and livelihoods and for those of our children and grandchildren.

I certainly subscribe to the precautionary principle. If people look back on this debate in 50 years' time, which is unlikely, and if we were wrong about the evidence on climate change, they will say that we still did no harm to our world by trying to mitigate the effects of man's emissions, but if they decide that we were right about the concerns, they will be very angry indeed that we did not take action when we had the chance. The consequences of inaction are enormous: there will be economic damage and massive extra costs in trying to put right the consequences of climate change. We will see population transfers as people move away from parts of the world that have become too hot, which will lead to conflict and the resultant huge human consequence. It will also lead to the spread of disease. We need only look at the introduction in the UK of bluetongue disease, which is carried by flies that simply would not have been able to live here several years ago, to see the consequences of climate change.

We should also see this as an opportunity. People talk about the costs of combating climate change, but every time I talk to business it says that this is one of the most exciting opportunities that it sees. We can even see that in the energy approach and in the contribution that solar power can make, for example, as a huge amount of expertise and genius is being put into bringing down the cost of solar power. Such action goes directly against the argument that my hon. Friend the Member for Chichester (Mr. Tyrie) made, as the implications of developing solar power for the poorest people on our planet are massive. We can use the power of the sun in the Sahara through concentrated solar power to make endless, cheap energy available to people in sub-Saharan Africa, and there is also scope for the desalination of water, which could make a fundament improvement to their quality of life.

Mr. Tyrie: Will my hon. Friend give way?

Charles Hendry: No, I will not do so, because I have only one minute left. I hope that my hon. Friend will understand and that we can discuss this subsequently.

Moving away from hydrocarbons will give us greater price stability and security as well as greener energy. It is by relying continually on hydrocarbons that we end up with the problems of price instability and less security. We are on the verge of an incredible new age of innovation. Necessity is the mother of invention. The car companies are working to reinvent motor cars and to meet the challenges of powering them differently. Other work is being done on small things such as eliminating standby buttons because of the energy that they use. Typically, standby buttons, which were a matter of great debate a couple of years ago, now use less power for a period of weeks than it takes to boil a kettle once. Enormous work is being done to transform our world and how we live. This is an exciting opportunity. We should not be worried about going down the route that we are on, because business itself sees it as an amazing opportunity, and at the end of the day, we should be aware that the consequences for most of us of doing nothing are much greater than the consequences of taking action now.

10.50 am

The Parliamentary Under-Secretary of State for Energy and Climate Change (Joan Ruddock): I congratulate the right hon. Member for Hitchin and Harpenden (Mr. Lilley) on obtaining this debate, which has been absolutely fascinating. It is a pleasure to follow the hon. Member for Wealden (Charles Hendry), with whose speech I agree entirely.

We as a Government stand by the Stern review, which estimates that the costs and risks of not acting to tackle climate change will be equivalent to losing 5 to 20 per cent. of global GDP each year, now and for ever. In contrast, the costs of taking global action to avoid the worst impacts of climate change are expected to be only about 1 per cent. of global GDP by 2050. In response to the question that I was asked, the UK Government have undertaken subsequent analysis that confirms Stern's estimates. The modelling shows that the cost of action will vary between 1 per cent. for a 550 parts per million stabilisation goal and 3 per cent. for a 450 parts per million stabilisation goal. The costs are significant—nobody disputes that—but we believe that they are manageable against the potentially catastrophic impacts of climate change.

Mr. Tyrie: Will the Minister give way?

Joan Ruddock: I will not give way. I have so little time, and everyone else has spoken.

It is important to understand that Stern was producing an analysis not for the UK but for the world, and his arguments need to be understood from a global perspective. The Stern review sets out a framework for reducing emissions, and UK policy is fully in line with it, as highlighted in the Government's response to the review published last year. First, we have put a price on carbon not only through emissions trading and taxation but implicitly through regulation. Secondly, we are implementing the right technology policy, including investing £400 million to support the commercialisation of low-carbon technologies between now and 2011. Thirdly, we are removing the barriers to behavioural change through measures such as the carbon emissions reduction target and the "Act on CO_2" campaign.

However—this is an important point—the case for action does not rest on the Stern review alone. Indeed, the Government have been committed to the climate change agenda and emissions mitigation since 1997, well before the report was produced. The case for action has been demonstrated by overwhelming scientific evidence, notably that brought together by the intergovernmental panel on climate change and representing the consensus of thousands of scientists worldwide based on peer-reviewed research. That process, despite what has been said today, has been widely acclaimed as an example of comprehensive, thorough and fair assessment of a complex scientific problem.

We believe that the Stern review's analysis and policy conclusions have stood up well to scrutiny. In particular, sensitivity analysis shows that Stern's main conclusion that the costs of strong action are less than the costs of damage avoided and its policy implications about the need for rapid action are robust to a range of assumptions suggested by critics. The sensitivity work has been published and is available to download from the review's website. I hope that the right hon. and hon. Gentlemen who have spoken in this debate will take the trouble to work through the responses to the various critics whom they have quoted.

I was asked about the different discount rates. There are two main reasons why Stern used a different discount rate to estimate the costs of climate change from that used, for example, by the Treasury in the Green Book. First, because the choice on whether to undertake global action on climate change involves large and irreversible intergenerational impacts, Stern concluded that it would not be ethically defensible to discount—that is, to attach less importance to—the impacts on future generations simply because they will have been born at a later point. Secondly, Stern did not apply a single fixed discount rate, as has been suggested, but varied it according to the prosperity of future generations in the different models used. That is because we should attach a greater value to the welfare of future generations who are relatively poor than to the welfare of those who are relatively rich.

Alternative approaches advocated by critics place very low values on future impacts, which means that they do not care about passing on far greater costs to future generations. The Government believe that the approach taken by Stern is appropriate and reflects how most people feel about the sort of world that we should leave to our children and grandchildren. Put simply, those who do not care about the future do not care about climate change. We care about the future, so we believe firmly that it is imperative to act on climate change, and to act now.

The right hon. Member for Hitchin and Harpenden referred to the impact assessment and made various criticisms, to which I shall respond. He correctly mentioned the benefits, which were calculated to be in the range of £82 billion to £110 billion, but there is significant uncertainty about costs in looking forward to 2050. He referred to costs of £205 billion, but did not mention that the range of costs was from £30 billion to £205 billion. The cost of £205 billion would arise only if there were no technological innovation beyond 2010. I believe that that is a conservative estimate based on an unrealistic scenario. There will be huge innovation and technological change, so arguably that estimate is far too conservative. The estimated costs also did not take account of the potential for international trading, which could significantly lower the costs of action, benefiting the UK as well as developing countries. Even for the most pessimistic cost scenario, which the right hon. Gentleman quoted, estimates are consistent with the Stern review findings that costs will be 1 per cent. of GDP, plus or minus 3 per cent., by 2050.

The right hon. Gentleman asked whether we would update our impact assessment. We plan to do so; the updated assessment will be done next month. It will draw on the new evidence from the Committee on Climate Change and new Government research and will be updated to incorporate the 80 per cent. reduction target and the move to include all greenhouse gases. The shadow Committee has already produced new evidence, which will be incorporated in the impact assessment, and its interim advice suggests that costs will be between 1 and 2 per cent. of GDP in 2050, in line with the Stern range.

We have also developed new evidence on the air quality impacts of action on climate change. Improvements in air quality resulting from meeting the 80 per cent. target will benefit us to the tune of £3 billion a year in 2050. Clearly, that needs to be taken into account, as does the method for valuing carbon, which is also under review. That is likely to increase significantly the valuation of the benefits of reductions delivered by the Climate Change Bill. A great deal of change will be taken into account, as will the advice of the shadow Committee.

Much was made of criticisms of the science. I think that they have been answered by the two previous speakers. We are absolutely convinced. I am a scientist myself, and if I had to weigh up the huge numbers of scientists and the IPPC's peer review process against a few critics, I know where I would put my scientific trust. Temperature rises over the decade have indeed been small, but we must look at a much longer period. When we do so, we see that temperature rise is well under way, as are sea level rises. Climate change poses a real and terrible danger, so we need action to tackle it. We are demonstrating that resolve through the Climate Change Bill. It is in our interests to obtain a global agreement. That is the way to address the threats to this country and to the poorest people on the planet.

RAF Operations

11 am

Mr. Mark Lancaster (North-East Milton Keynes) (Con): It is a pleasure, Mr. Atkinson, to have this debate under your chairmanship. It is also a pleasure to have the Under-Secretary of State for Defence, the hon. Member for North Durham (Mr. Jones) in his place. He is an experienced Minister, having served on the Select Committee on Defence. During his service on that Select Committee, he earned the reputation of being a forensic investigator. If nothing else, I simply ask today that he goes away from this debate and asks a series of detailed questions.

I start by paying tribute to Colour Sergeant Dura from the 2nd Battalion The Royal Gurkha Rifles, who unfortunately was killed in Afghanistan last weekend. I had the honour to serve with the 2nd Battalion The Royal Gurkha Rifles in Bosnia in 2001. Colour Sergeant Dura was a fearsome soldier and he will be sadly missed by the battalion.

It is absolutely right that I should pay tribute to the Royal Air Force and the service that it has provided in both Afghanistan and Iraq in supporting our troops. I intend to focus on the Harrier force in this debate—I have given the Minister advance warning that I intend to focus solely on the Joint Force Harrier—and it has been doing a sterling job, rightly earning a reputation as being very much the soldier's friend in Afghanistan.

Mr. Philip Hollobone (Kettering) (Con): As someone who is serving on the RAF parliamentary scheme this year and who is due to be in theatre with the RAF shortly, I join my hon. Friend in paying tribute and saying thank you to the RAF for all that it is doing on behalf of our country overseas.

Mr. Lancaster: My hon. Friend is absolutely right; the RAF is doing a sterling job, as I have just said. In many ways, it is for that reason that I have called this debate today.

Of course, there are broader issues concerning the future of the Joint Force Harrier. The Royal Navy is very concerned about where the force is heading, its out-of-service date, the impact that that date may have on future air carriers, and so forth. However, that is very much a debate for another day. As I have already said, today I want to focus on the proposals to withdraw the Joint Force Harrier from Afghanistan from 1 April 2009. I believe that that proposed withdrawal is a very grave mistake and I question the motivation behind it, but I will come to that issue of motivation later.

The first obvious question to ask is: why are we due to withdraw the Joint Force Harrier from Afghanistan from next year? In answer to a parliamentary question, the Minister for the Armed Forces said that

> "the Harrier force has been continuously operational in Afghanistan since November 2004 and has proven time and again its value in defending the lives of our troops, our allies and those they are there to protect."

So far, I absolutely agree with that. He goes on:

> "Mindful of the strain that this extended deployment has put upon the crews, their families and the wider role of Joint Force Harrier we have decided to withdraw the Harriers from Afghanistan and replace them with an equivalent force of Tornado GR4s."—[*Official Report*, 17 November 2008; Vol. 483, c. 136W.]

It is the second half of that statement that I have concerns about. I now intend to go into some detail about those concerns, which are based on capability, finance, the impact on personnel, particularly in terms of the harmony guidelines, and also the impact that this deployment will have on air frames and the serviceability of the fleet in the long term, to show why I think that this deployment of Tornadoes is a mistake.

First, I want to address the issue of capability. A recurring theme in this debate will be the answers that I have received to parliamentary questions or, perhaps crucially, the answers that I have not received to parliamentary questions, because it is pretty clear that, if my questions had been answered, those answers would be distinctly unhelpful to the Ministry of Defence when it comes to determining the future role of the Harrier. After a series of parliamentary questions in which I asked what were the similar capabilities of the Harrier and the Tornado GR4, which is due to replace the Harrier, I was told that they have similar capabilities. Unfortunately, that is simply not true. I do not intend to go into great detail, but I will shortly be passing a document to the Minister on this subject.

For example, from a weapons point of view—I will not go into detail, as it would not be helpful in a public debate—of the six weapons systems that are carried on the Harrier, four cannot currently be carried on a Tornado. Indeed, one of the biggest impacts that we will see is on the degree of proportionality. The Tornado, which is due to replace the Harrier, seems very much to be an all or nothing option. Also, the Harrier has a series of close air support options fitted to it. In fact, of the eight specialist items on a Harrier for close air support, four will not be available for the Tornado.

To be fair, that gap is due to be filled in part, because about £40 million-worth of urgent operational requirements are due to be fitted to the Tornado to try to close that gap and to enable the Tornado to meet the theatre entry standards. I would be grateful if the Minister could confirm exactly how many of the Tornado GR4s will be fitted to theatre entry standard by 1 April and, crucially, whether all of those upgrades will be available from the first day of entry, because my understanding is that it may be some time—some months, in fact—before the gap has been filled completely. That will mean that we will be accepting quite a degree of risk when the Tornado first enters service in Afghanistan. There are other risks over in-flight refuelling, which it would be equally inappropriate to go into detail about. Indeed, there are also problems when it comes to take-off for Tornadoes in the sort of environment that exists in Afghanistan. I want to pass to the Minister the document that I am referring to, so that, when he replies, he can look at the details in it and at least confirm that I am correct in what I am saying.

There is another even more alarming area; indeed, it is deeply disturbing. I have been asking questions about the ground abort rate of Harriers in theatre. In layman's terms, the ground abort rate is how often we call on an aircraft, whether a Tornado or a Harrier, which is then scrambled but, for some reason or another, simply does not get into the air. When I asked this question about ground abort rate, I was told that the information that I requested was not held centrally and could be provided only at disproportionate cost. I find that amazing, because I have those figures in front of me. They are held centrally and I am more than happy to pass them to the Minister in a second, at no cost whatsoever.

I will not go into the details of ground abort rates, but suffice to say that at the moment the Harrier is operating at a 0.34 per cent. ground abort rate. Therefore, only about four in every 1,000 times that we call on a Harrier to go on a mission in Afghanistan it cannot take off, because of some technical problem. By comparison, the Tornado GR4 is operating at a ground abort rate of 11.6 per cent. Therefore, more than one in 10 times that a Tornado is scrambled on operations, it simply fails to get off the ground. If that is the case, why are we replacing eight Harriers with eight Tornadoes? Why are we accepting that one in 10 times a Tornado will not get off the ground and therefore one in 10 times it will not get to serve our soldiers on the ground on the front line? Is the Minister really happy to take that risk? In fact, the ground abort rate for Tornadoes peaked last month at 12.7 per cent., so this problem is getting worse, not better. I would also like to pass this summary to the Minister, so that he can confirm or deny this information, which apparently is not held centrally.

So, from a capability point of view, I have tried to demonstrate that we are taking a severe risk in replacing the Harrier with the Tornado on the front line in Afghanistan. From a financial point of view, does it make sense financially to replace the Harrier with the Tornado? Let us look at where we are already, and this information comes from parliamentary questions that have been answered. So far, we have spent on the Harrier about £20 million on urgent operational requirements to improve its performance and potentially we have £42 million that we could spend on it. We have already spent £728 million on upgrading the Harrier to capability E, which was effectively to improve its performance specifically for roles in Afghanistan. We have also spent £112 million on the new Mk 107 engine, which is specifically designed to operate in hot climates. Therefore a total of £860 million has been spent on honing the Harrier's performance for service in Afghanistan, and we have an average running cost of about £30 million.

Having spent all that money to get the Harrier to the level of performance that we desperately need in Afghanistan, why are we now withdrawing it? I have already mentioned that we have to spend at least £40 million on the Tornado under urgent operational requirements, just to get it to a very basic level. There will then be ongoing running costs of £31 million to keep the Tornado in theatre. The Minister will know that a National Audit Office report is being compiled, the results of which should be available in two or three weeks. They entirely undermine, from a financial point of view, the decision to replace the Harrier with the Tornado. It makes no financial sense whatever, but hon. Members need not take my word for that; they can take the NAO's word for it when the report is published.

On personnel, much of the argument seems to be about the impact on pilots, their families and the joint force of the fact that the aircraft has been on continual operations since September 2004. I think that was the date given in a parliamentary answer. Harmony guidelines for the RAF are that people should be on operations for four months in 20. A simple ratio would be that we require 55 Harrier pilots to sustain having 11 pilots on operation at any one time. I have calculated that using a four-in-20 rule, so I have simply multiplied by five the number of Harrier pilots in theatre.

The pilots are the most restricted of the personnel. Engineers will almost never do four months on an operational tour. When the MOD talks about harmony breaches for the Harrier force, it is almost entirely to do with pilots, rather than the whole force, so we are talking about a small number of people. As a rule of thumb, the maximum tour length for a Harrier pilot on a front-line squadron is only three years. Within that three-year period, a pilot might do only two four-month tours.

Front-line squadrons at RAF Cottesmore have a total of 48 pilots, which is seven short of the 55 required to ensure that harmony guidelines are met. However, the extra seven are relatively easy to find, as the number does not include the force commander, the deputy force commander and the stan-eval standards and evaluation officer. Those three officers are additional pilots who are available within the Harrier force and all of whom go to theatre to fly. The further shortfall of four pilots is made up from the operational conversion unit at RAF Wittering, which does not deploy on operations as a squadron, and routinely supplies four of its 16 pilots to augment the operational force. Harmony is therefore being achieved, despite claims to the contrary.

I have asked, in a parliamentary question, how many pilots we need to maintain harmony with 11 in theatre, and it is fascinating that my question, again, magically remains unanswered. Even without the current seven-pilot mitigation, pilots would go from a four-month to a 4.8-month tour in 20, which would be an increase of only three to four weeks in their three-year maximum tour length. So, we are talking about a handful of people having an extra three weeks in theatre, but that seems to be the crux of the argument as to why the Harrier is being withdrawn. Is the Minister really basing the reasoning behind withdrawing the Harrier on those considerations?

Interestingly, the whole harmony question would be completely removed if only six aircraft were deployed. There were six initially, until a night capability was identified. Since then, other multinational air assets have entered the theatre, and it is questionable as to whether eight Harriers are required. I have asked a parliamentary question on that and am still due an answer. I realise, of course, that the answers will be unhelpful. Sometimes, we get parliamentary answers that are entirely wrong.

I asked a parliamentary question about how long the Harrier force had been

> "deployed continuously on operations since the start of Operation Telic."

The Minister for the Armed Forces replied:

> "The Harrier force has never been deployed on Operation Telic."—[*Official Report*, 17 November 2008; Vol. 483, c. 135W.]

It took me three minutes last night to go on to the RAF's website and discover that 4 Squadron was deployed on Op Telic from February to May 2003. So, what is going on when the MOD is churning out answers that are incorrect when compared with its own website? It took me three minutes to discover that the information I was given was wrong and that Harriers have been on

[Mr. Lancaster]

Op Telic. If that is the quality of information that the MOD is churning out, what sort of information is the Minister getting? It is outrageous.

I have outlined the reduction in capability that the introduction of the Tornado will bring to the theatre. Will the Minister tell me, with particular reference to the technical ground abort rates that I have given him, why, if the MOD is prepared to accept the risk of one in 10 Tornadoes not getting off the ground, it is not prepared to accept a reduction in the number of the considerably more reliable Harriers? That is a moot point, however, because we are already meeting harmony guidelines.

It is bizarre that after spending so much money upgrading the Harrier force to the standards required for Afghanistan, so that it is now relatively cheap to operate, we are not fully funding it. Why is the RAF doing that? Will the Minister explain? Ironically, and perhaps crucially, the money being spent on getting the Tornado up to theatre-entry standards and keeping it there could maintain a Harrier force that fully meets harmony guidelines in Afghanistan indefinitely, but the RAF chooses not to do that.

The RAF claims that because the Tornado fleet is bigger it will be easier to maintain harmony, but that is rubbish. The Tornado fleet is, in fact, two fleets—the GR4 and the F3. We have discovered, from the answer to a parliamentary question that my hon. Friend the Member for Woodspring (Dr. Fox) asked, that only 60 per cent. of the Tornado forward GR4 fleet are fit for purpose. How many of those will have met the theatre-entry standard by 1 April? Not many I fear.

On harmony, according to parliamentary answers, we have 11 air crew and 86 ground crew for the Harrier, giving a total of 97. When we replace the eight Harriers with eight Tornadoes, the numbers will be 24 air crew and 122 ground crew, so a like-for-like replacement equates to a 50 per cent. increase in manpower on the ground. The key argument seems to be the need to meet harmony guidelines, but we are about to send 50 per cent. more ground staff just to support those eight aircraft.

If anything requires an operational pause, it is the Tornado, because it has been on operations constantly for 18 years, since 16 January 1991. We are deploying it at enormous risk. If the Minister does not believe me, let me refer him to the Tornado GR4 integrated project team joint business agreement, which will be available to him. I refer him particularly to the risk log on page 3, which highlights 14 risks, 10 of which are high-impact, and all of which have a medium or high likelihood of occurring over our current problems within the Tornado fleet. It is outrageous that all that information simply is not being given to the Minister.

There is also an argument about the life span of the Harrier. As the Minister is probably aware, the prime factor that controls the Harrier out-of-service date is the original airframe flying hour life, which is a conservative estimate of 6,000 flying hours. When working out whether an out-of-service date for an aircraft type may be extended, one must first consider the residual airframe life that is available on each of the aircraft in the fleet and add them together to give a bucket of flying hours. The bucket of flying hours remaining for the Harrier would enable a two or three-year out-of-service date extension beyond 2018 to 2020 or 2021. The full five-year out-of-service date extension to 2023 that is so desperately needed by the Royal Navy is achieved by a small, 10 per cent. extension to the airframe flying hour life. That is more an engineering paperwork exercise than anything else. Ironically, the type of flying on Operation Herrick is less demanding on the airframe than the normal UK-based training flying, which tends to involve more aggressive flying, from an airframe perspective. Any arguments on that ground are therefore ridiculous.

Having discussed why we are pulling the Harrier out, and having given the Minister some information as to why the reasons are fictitious, I must ask why the RAF is so keen to withdraw it. I believe that the key lies, again, in an unanswered parliamentary question. I have asked the Secretary of State for Defence

> "whether Harrier will be subject to a programme review in 2009 if it is withdrawn from Afghanistan (a) before and (b) after 1st April 2009."

What does that actually mean? I am not going to draw the Minister into debates on Treasury cuts and the fact that the RAF is having to find ways to save money next year. A lot of money seems to be splashing around, but if the MOD needs more money, that is a point for him to argue with the Treasury. It is pretty clear that, if the Harrier stays in Afghanistan, it will not be subjected to the programme review. If, however, the Tornado is pulled out of Iraq—it soon will be, hopefully—what exactly is it going to do? It will not be on operations, and it will not have an operational role. I am assured that the RAF is concerned that, all of a sudden, the Tornado fleet is beginning to look exposed. It believes that, by ensuring that it has a role in Afghanistan, we can give the Tornado fleet and its future a degree of protection.

If we are potentially accepting all the capability loss that I have explained and coming up with arguments about harmony, simply because the RAF is concerned that it may take cuts to its Tornado fleet, that is outrageous. I shall not overplay my concerns, as I have limited experience of serving as a soldier in Afghanistan, but it is outrageous if we are prepared to take all the risks that I have outlined for that reason.

I ask the Minister to ask some detailed questions of his officials. I am convinced that he has not been given all the information that he needs to take an informed decision. If he were to say, "I have listened to what the hon. Gentleman has said, and I give him my assurance that I will go away now and ask those questions, to ensure that the decision is being made for the right reasons", I would be happy with that. I have given him considerable detail about the matter. I am deeply concerned that there seems to be a culture in the MOD of not only giving inaccurate answers, but refusing to answer questions because the answers would not necessarily support the RAF's decision to remove the fleet from Afghanistan.

We have only nine minutes left, so I shall finish. I ask the Minister to refer directly and specifically to the points that I have made.

11.22 am

The Parliamentary Under-Secretary of State for Defence (Mr. Kevan Jones): I, too, would like to say what a privilege it is to serve under your chairmanship, Mr. Atkinson. I add my tribute to Colour Sergeant Krishnabahadur Dura, who was killed in Afghanistan over the weekend. I know that the hon. Member for North-East Milton Keynes (Mr. Lancaster) is very close to the Gurkha regiments, and if he speaks to them, will he pass on my heartfelt condolences and my pride at the job that the Gurkhas are doing in Afghanistan?

I congratulate the hon. Gentleman on securing the debate. It gives me an opportunity, in the limited time left to me, to pay tribute to the role of the RAF and the other forces in both Afghanistan and Iraq. I understand that he wishes to concentrate on Afghanistan. We ask a lot of our armed forces, and the tempo of the RAF's operations is constantly under review. Conservative Members cannot have it both ways. They can hardly argue that we should reduce the tempo of operations and the pressure that we put on personnel, and then argue, as I think he did, that we should keep people in theatre for long periods.

The RAF's contribution in Afghanistan is everything from heavy lift to the close air support that the hon. Gentleman mentioned. That support has been of great effect to UK and coalition forces. He has left me little time, and I shall not respond now to the document that he has passed to me, but I shall certainly respond to the specific points in it afterwards. I need to touch on some of the issues that he raised.

We cannot get away from the fact that we ask the RAF and our other armed forces to do a lot. There is pressure not just on them but on their families. It is easy to blame the MOD or the ministerial team, but the decisions in question are made by the RAF for clear operational reasons. Hon. Members need to be careful in such debates not to try to be armchair generals—or in this case an armchair air marshal—by second-guessing what commanders on the ground need. I wish to make it clear that the decision has not been taken because of anything to do with finance. The hon. Gentleman mentioned the future of the Harrier force, and I can only say that, like everything else in the MOD, it is under review. Decisions have not been taken on financial grounds; they were operational decisions on the ground.

The hon. Gentleman referred to the Tornado being of less capability than the Harrier. I have asked questions about that in preparation for the debate, which he was kind to give me an opportunity to do. In some ways the Tornado brings capabilities that the Harrier does not, such as the 27 mm cannon and the new RAPTOR imaging system—the reconnaissance airborne pod Tornado—which has been used very effectively in Iraq and, I am told, will be in Afghanistan as well. I accept that the two aircraft are different, but it is wrong to give the impression that we are somehow not providing our armed forces with the support that they need by putting Tornado there.

Mr. Lancaster: Since the Minister has decided to mention the capabilities that Tornado has and Harrier has not, for the sake of balance he should now state the capabilities that Harrier has and Tornado has not.

Mr. Jones: I am not going to get into a technical debate—

Mr. Lancaster: You cannot have it both ways.

Mr. Jones: I can have it both ways, because I and other Ministers have to ensure that we provide what commanders on the ground ask for. It is wrong to suggest that Tornado is a poorer or cheaper option that will not provide the capability that is needed, or that it is somehow a cost-saving measure. It is not; I think that Harrier costs £30 million a year and Tornado will cost £31 million.

Mr. Lancaster: It is more expensive.

Mr. Jones: It is, but that shows the Government's commitment to providing our armed forces with the equipment that they need. The hon. Gentleman rightly highlighted the money that has been spent on Harrier, but again, Conservative Members cannot have it both ways. They can hardly criticise the Government for not supporting our armed forces given that, in this case and others, urgent operational requirements have brought from Treasury reserves—not from the MOD budget—the capabilities that our commanders on the ground have asked for. He cannot say that Harrier is not needed, and it would be wrong of Ministers or of him to second-guess what commanders on the ground want.

The hon. Gentleman clearly has a good source of information—be it from a constituent or someone else. I am quite prepared to answer the points raised in the document that he has passed to me, but I find it sad that, if there are concerns among serving personnel, they cannot be articulated through the chain of command. I emphasise again that these are operational matters, and the MOD, the ministerial team and the Government more widely are committed to ensuring that our people on the ground have the support that they need. May I finally nail the point about the possibility of the Treasury asking for cuts? It is not about cuts; it is about providing what is actually needed.

The hon. Gentleman mentioned the effects of withdrawing Harrier on the airframe and on the individuals involved. We must recognise that we have been asking the Harrier to do a lot in Afghanistan, and that needs to be taken into account. We have also been asking a lot of the people there, and we must allow them recuperation with their families and home bases and recognise that they need to continue training. They cannot do that on operations.

Mr. Lancaster: Will the Minister give way?

Mr. Jones: I will not. I am about to finish, as I am running out of time.

That need was another factor that led to the RAF's decision. We need to keep the training, and the quality of the people who fly the Harrier, up to date.

Mr. Lancaster: On a point of order, Mr. Atkinson. May I simply ask that the Minister go away and correct the parliamentary record in the case of the answers that I have been given that I have said are wrong? I have demonstrated one of them to him, on 4 Squadron serving on Op Telic. Will he also write to me with answers to the questions that he has not answered?

Mr. Peter Atkinson (in the Chair): Order. That is not a point of order for the Chair. It is a point for the Minister.

11.30 am

Sitting suspended.

Continental Rail Links

2.31 pm

Mr. David Kidney (Stafford) (Lab): It is a pleasure to debate this important subject under your watchful eye and careful consideration for our well-being, Mr. Atkinson. I am pleased to extend my congratulations to the Minister on his position in the Department for Transport. He is a hard-working and decent Member of Parliament, and he thoroughly deserves his position.

I did not take part in the debates in the main Chamber last week about Heathrow airport, but I noticed that many of the hon. Members who did so referred to rail travel as the alternative to air travel, particularly for short-haul journeys. This debate is an important part of getting the detail right, so that we can genuinely say to people that the better alternative is to take a train rather than a plane.

By way of introduction, I would like to describe my experiences in the time that I have been an MP travelling between my Stafford constituency and London. In the 11 years in which I have been here, I have always done that journey by rail. Each time I travel from my constituency to London, I am interested in seeing how services are developing. I recall that back in 1997, when I was elected, several times my journey was seriously disrupted by things going wrong with the network. The top speed of the train was 110 mph, and a typical journey time was two and a quarter hours. Then came the £8 billion public investment to upgrade the west coast main line, and Virgin Trains invested in a new fleet of Pendolino tilting trains. For the past few years, I have experienced top speeds on the line of 125 mph and a journey time as short as 90 minutes.

Mrs. Janet Dean (Burton) (Lab): Will my hon. Friend give way?

Mr. Kidney: I am happy to give way to my hon. Friend and near neighbour from Burton.

Mrs. Dean: I congratulate my hon. Friend on securing this debate. He will know that as I live at Uttoxeter, I have a choice of going to Stoke-on-Trent, Stafford or Derby. He is right in saying that travel via Stoke-on-Trent is much quicker than it used to be, but sometimes the trains on that route are overcrowded. Perhaps he would address that point. On the service from Derby to St. Pancras, we must try to improve the time if people are to reach London and beyond in a speedy fashion, but it is also important to ensure that connections from towns such as Burton-on-Trent to the Derby-to-London line are improved.

Mr. Kidney: I am grateful to my hon. Friend. There are still gains to be made by tackling the last few bottlenecks on the network and by improving things such as signalling but, fundamentally, as we face the future from a position of success and growth in the railways, I shall argue that the problem is one of capacity and that we need to develop more lines, particularly high-speed lines. I hope that my hon. Friend will be with me when I make that argument.

From next month, the story of the journey from Stafford to London will get better still. With the new December timetable, which is a result of the great investment in the west coast main line, journeys will be even quicker. From December, many of my journeys will take one hour and 18 minutes, with no stops at all between Stafford and London. More trains will make the journey each day, and the first direct service of the day from Stafford will reach Euston 36 minutes earlier. In a remarkable stride forward, from 14 December, the weekend service will be as good as the improved standard weekday service in terms of frequency and journey times. We have not experienced that on the west coast main line in modern times.

Stephen Hammond (Wimbledon) (Con): I am sure that the hon. Gentleman is right about the weekend service improving, but that may not happen for at least another year. I believe that there will be blockades on the line for at least 35 of the 52 weekends post-14 December. Does he see that as a problem for the introduction of the new service?

Mr. Kidney: I would ask the hon. Gentleman to be a little cautious in speaking so generally. I specifically mentioned the route from Stafford to London. Many of the blockades that he is talking about will be well north of Stafford. It is true that we have taken a lot of pain in the past 12 months, as preparations are made for the new timetable in December, and we have witnessed considerable disruption and inconvenience for travellers at weekends. We will be glad to see the back of those problems after 14 December.

Alongside the improvements in rail services between Stafford and London, there has been an improvement in rail travel between London and the continent in the past 11 years. We have moved on a long way since the time that train travellers had to cross the channel on a boat, having built a tunnel to connect ourselves to the continent, but I still regard my right hon. Friend the Member for Kingston upon Hull, East (Mr. Prescott), who was then the Deputy Prime Minister, as a great hero for saving the channel tunnel rail link project. I remember that evening when he came to the House of Commons Chamber at 10 o'clock at night to make a statement about saving the private-sector project from financial oblivion with a helping hand from the Government. The new public-private partnership secured the link and gave us what we have today. At that time, the terminus in this country for those services was Waterloo, but at this time last year there was a move to St. Pancras station, when the line became known as High Speed 1.

High Speed 1 is a success as far as passenger traffic is concerned. The figures from Eurostar show that, in the first nine months of this year, Eurostar carried a total of 7 million travellers, up nearly 14 per cent. on last year. Ticket sales were up more than 17 per cent., at more than £521 million. That is the advert for Eurostar, but let us be practical and admit what a marvellous travel experience the journey from St. Pancras is. We begin at a station that has been brilliantly restored and modernised. The journey by high-speed rail service links St. Pancras with Ebbsfleet, Ashford, Paris, Brussels, Lille, Calais, Disneyland Paris, Avignon and the French Alps. Some journeys are incredibly good value. I checked the Eurostar website yesterday. A return to Paris or Brussels is possible for as little as £59 for adults and £49 for people under the age of 26.

The biggest difference from 11 years ago is that today there is growing public concern about climate change. People wonder about the best way to travel. Clearly, Eurostar now has a good story to tell: all journeys are carbon-neutral, and a journey between London and Paris or Brussels generates 10 times less carbon dioxide than an equivalent air flight. To celebrate the first anniversary of the move to St. Pancras, Eurostar issued a news release to announce that passenger numbers from the regions north of London have increased by as much as 150 per cent. in some cases, thanks to the introduction of through fares from more than 130 towns and cities. It is instructive to look at developments in different regions. There is a 100 per cent. increase in passenger numbers from the east midlands, Yorkshire and the north-east, whereas from Manchester and the west midlands, the growth is 50 per cent. The number of travellers from Scotland is up as well, but this time by one third.

Overall, those growth figures demonstrate that travellers are taking advantage of easier rail connections between domestic train operators and Eurostar services, with higher frequencies and better punctuality than regional air services. Again, to complete the Eurostar advert, with through fares booked on starting a journey, many of the train operating companies can offer return through fares from, for example, as little as £67 from Luton and £89 from Glasgow. Hon. Members can see the increased attraction for people of making those journeys. I should like to mention to the Minister a point of detail about making the journey from Stafford to the continent by train and ask what he can do to make it better than it is at present. Although I will focus on Stafford I am, hopefully, speaking for every passenger who wants to take a train from the west or north of London to the continent.

In October 1994, the then Secretary of State for Transport, John MacGregor, told Railtrack to put the infrastructure in place to allow rail services to operate from the regions to continental capitals:

> "The Eurostar will speed passengers from the Midlands, the North and Scotland to the Continent with sleeper services also connecting the west country and Wales. These services help to ensure that the economic and social benefits are extended beyond London and the south east and offer daytime services beyond the national capital."

We know that none of that happened. For many years, the sleeper trains sat on a siding and they were eventually flogged off. Of course, we do not have regional Eurostar services at all. Mr. MacGregor's Department asked the first operators of the Eurostar services, which were called InterCapital and Regional Rail Ltd, to produce a report about developing regional Eurostar services. After the end of the Conservative Government, the Department produced a report called "Review of regional Eurostar services" on 13 December 1998, which stated that

> "direct Regional Eurostars to destinations north of London are not commercially viable".

Parliament was outraged and, on its behalf, the Environment, Transport and Regional Affairs Committee expressed rage in its report on that review dated 20 January 1999:

> "The regions have been cheated. The acquiescence of Members of Parliament to the Channel Tunnel Act 1987 depended on the provision of regional services."

My right hon. Friend the Member for Kingston upon Hull, East, the then Deputy Prime Minister, was also unhappy with the operator deciding whether the services should go ahead and asked for an independent review. A company called Arthur D. Little Ltd was set up and was asked to report back. Its report in February 2000 concluded:

> "On purely financial grounds…Regional Eurostar would not be viable".

There is a clue there that the priority at that time was affordability, rather than the broader issues, including environmental ones.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I am grateful to my hon. Friend for giving way and for the excellent contribution that he is making to this debate.

Even if we were to judge these services only on a financial or commercial basis, is it not the case that these projections were made at a time when people were expecting an era of cheap air travel, which is certainly relevant in respect of competition on routes from the regions and nations of the United Kingdom? Is that era not coming to an end? Does that not indicate that, even on a commercial basis, the case for direct services to the continent of Europe from various points north of London is stronger than ever?

Mr. Kidney: I agree with my hon. Friend that the finances have changed completely in the past decade. In respect of climate change issues, the price of carbon will inevitably drive up the cost of flying and will make rail, by comparison, more competitive. My description of the increase in passenger numbers is the same across the country. The problem today is one of capacity, not of declining services. The finances are changing for rail and the position is different, which brings me neatly on to my next point.

On high-speed links in the UK, as I have said, the channel tunnel rail link was rather provocatively renamed High Speed 1, heralding the age of more high-speed links in this country. In 2004, the Strategic Rail Authority commissioned a report from Atkins about high-speed rail, which concluded that it was an attractive and viable project but that in order for it to go forward it would need strong support from the Government. I cannot help thinking that that phrase gives a clue about why the Little report in 2000 was not more positive. The Atkins report said that, depending on the route option, a high speed line

> "is capable of relieving much of the crowding on competing rail routes. Similar improvements could also be secured by upgrading the existing strategic rail network, but HSL has the advantage of also being able to free capacity on the existing rail network that can be used to open up new local, regional or freight markets…We therefore conclude that there is a good transport case for HSL."

It continued:

> "In economic terms, HSL has a positive case, generating a benefit: cost ratio of at least 1.4 to 1".

That just shows the change by then, as my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) mentioned. The report continued that

> "it is possible to improve this significantly by optimising the use of freed classic rail capacity and by fine-tuning the fare strategy."

Finally, it states:

> "On balance, therefore, there is a good business case for HSL and it is capable of delivering greater net benefits than other rail or highway schemes."

That is quite an eye-opening conclusion.

Tom Brake (Carshalton and Wallington) (LD): Until the past few hours, there was political consensus on the need for high-speed rail. I am not sure whether that consensus still stands as far as the Official Opposition is concerned, given their reluctance to spend any money now. Perhaps we will get some clarification on that at the end of the debate.

Does the hon. Gentleman agree that substantial investment is needed and that there is a need to identify additional sources of funding? Has he considered a flight surcharge for domestic flights to fund a transport infrastructure fund that could be used to build the high-speed rail links that I think he is about to say we need everywhere and as soon as possible?

Mr. Kidney: There is a lot in that intervention.

Stephen Hammond *rose*—

Mr. Kidney: Before the hon. Gentleman intervenes on me to answer the point made by the hon. Member for Carshalton and Wallington (Tom Brake), I should like to say that I will wait and see what he says about the Conservatives' position. I have seen the Conservative party inch towards being a supporter of new high-speed lines and I agree that we need to know that its commitment is not affected by its announcement yesterday not to continue even with Labour's public spending plans.

Stephen Hammond: I am delighted to tell the hon. Member for Stafford (Mr. Kidney), who secured this debate, and the hon. Member for Carshalton and Wallington (Tom Brake), who speaks for the Liberal Democrats, that there is only one party in the House that is not committed to high-speed rail—the governing party.

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Nonsense.

Stephen Hammond: Well, I should be interested to hear if the Minister is going to change the view, because the then Secretary of State last year ruled it out explicitly. Perhaps the Minister will change the Government's view today.

The governing party is the only party in the House that is not committed to high-speed rail. I am happy to make the commitment that the announcement made by the Conservative party in September—that it is committed to high-speed rail and to building it—remains.

Mr. Kidney: As a Labour Member, I keenly support high-speed lines. I look forward to hearing the Minister's contribution.

On the intervention by the hon. Member for Carshalton and Wallington, it is really a question of having an identified fund of money to pay for a particular project. He will know that the Treasury has, from time immemorial, never been keen on hypothecation, and it is difficult to get it to move. Personally, I think that there should be a lot of movement, particularly in the environmental scene, because a lot of the public would like to see another environmental project benefiting when they pay extra money for something. Although I do not accept the detail of the hon. Gentleman's policy, I see the case for and the merit in some kind of ring-fencing of funds.

I have mentioned the Atkins report. Just to bring hon. Members up to date, the Eddington transport study was published in December 2006. At page 213, paragraph 4.194, it states:

> "High-speed rail is likely to make the most effective contribution to environmental objectives where the scheme is developed to address existing or projected capacity constraints, increasing the probability of high demand and high load factors, and improving the economic and environmental returns."

Some people read the Eddington report, overall, as being negative about high-speed rail. The Transport Select Committee wanted to ask Sir Rod Eddington about this. It interviewed him on 16 April 2007, when he explained that he thought that high-speed rail using established technology had a key role to play in Britain and that planning should start now. He is unequivocal in his support.

That challenge was taken up in June 2007 by Greengauge 21, a not-for-profit group, with its well-worked proposition for a High Speed 2. It proposed a high-speed line along the north-west corridor, which I would be pleased about because it would benefit Stafford, but I hasten to point out that there are other proposals, including one for a high-speed line paralleling the M1 motorway. The point is that workable proposals for more high-speed lines are already in existence. To pick up on the point made by the Conservative spokesman, the Government, in comparison, are still at an investigatory stage.

On solutions to the growing capacity challenge on the rail network, Network Rail is conducting a strategic review of the case for building new rail lines. It is considering five of Network Rail's strategic routes north and west of London: Chiltern, east coast, west coast, Great Western and Midland main lines.

Stephen Hammond: The hon. Gentleman said that the Government are at the investigative stage and went on to quote Network Rail's investigations. Is he suggesting that Network Rail is an arm of the Government, or are the Government's investigations separate?

Mr. Kidney: I am working my way towards the Government's position, and it is coming soon, so perhaps the hon. Gentleman will contain himself for one more minute.

The Network Rail study recognises that by 2025 many lines will be full, especially those running to and from the north and west of London. The study will examine how we can meet the capacity challenge and find solutions, including possible new lines and high-speed rail links that are deliverable and affordable. The report will be complete next summer.

Network Rail has told me that it is sensible that, if we are to build new lines, they may as well be high speed. Network Rail is also part of the recently established national networks strategic group, chaired by my noble Friend and Minister of State at the Department for Transport, Lord Adonis. Among other things, that group is looking into high-speed rail links, and is due to report back next spring.

I come now to the experience of Mr. D'Arcy—not the character in Jane Austen's "Pride and Prejudice", but my constituent, Mr. Gerald D'Arcy, who regularly travels by rail between Stafford and the continent using Eurostar services, which have been from St. Pancras for the past year. He readily accepts that his experience has been better this year than in the past, when his train from Stafford arrived at Euston and he had to haul his suitcase and hand luggage across London to Waterloo. Now, he just has to get to St. Pancras, which is also on the north side of London, as is Euston. He has tried the tube, but it is crowded and difficult with luggage, and there is still quite a lot of walking, especially at the King's Cross-St. Pancras end, but at least he can buy an Oyster card in advance. He has tried taxis, but they are dearer and sometimes the wait has been longer than the walk would have taken. He has tried the bus, and there is a regular service from outside the front of Euston station, but there are no signs to indicate which bus to catch. He likes to pay all his travel costs in advance at Stafford railway station, but his plusbus ticket is valid in London only for a day ticket and not a return journey, and there are no railcard discounts or child fares available, although the latter point is not relevant to him. He has often tried walking, but the pavements, if not better or worse than in the rest of London, are uneven, and there are five junctions to cross with no special help for passengers walking from Euston to St. Pancras. I have done that walk, and I thoroughly agree with all that my constituent says about the journey. I wonder whether the Minister has walked that route. If not, will he consider doing so?

Will the Minister consider everything that I have said about the practical problems of making that short link between Euston and St. Pancras, and pull together the people who can make a difference—the rail companies obviously, the local authority, Transport for London, and his Department—to see whether they could make some modest improvements that would make a big difference to people who make regular journeys, so that they can cover their travels costs in advance and that there is a decent welcome at Euston with signs showing where to go, and make that walk a pleasurable experience instead of a slightly dangerous one? Perhaps a yellow-brick-road approach could guide people in their journey, so that it is a pleasant experience rather than an unpleasant one. That would be extremely easy, and could be done straight away.

Tom Brake: Does the hon. Gentleman agree that that would also be a huge benefit for people coming to the UK as part of the Olympics? Clearly, they will use St. Pancras station, and may want to do a short walk or easy journey to Euston to go up north, or in other directions to appreciate the whole UK, not just London and the Olympics.

Mr. Kidney: I agree, and I have made some short-term suggestions. Euston-St. Pancras is so near and yet so far for travellers. It is different for people from different parts of the country. For people from the east coast, the trains at least come into St. Pancras, so what I have said is not so relevant for them, although my hon. Friend the Member for Burton (Mrs. Dean) referred earlier to problems with congestion, timing and so on, which also need to be addressed. There are things that could be done in the medium and long term that would be improvements.

In the medium term, we would like passengers from Stafford to have direct access to St. Pancras or perhaps Stratford International. I have pursued that matter for quite a long time, and back on February 2007 the then Minister, my hon. Friend the Member for Glasgow, South (Mr. Harris) said the following in reply to my written question about a physical link between the west coast main line and what is now High Speed 1:

> "A connection is being installed as part of the"

channel tunnel rail link

> "section two works to provide access to the channel tunnel rail link from the west coast main line via the north London line."—[*Official Report*, 27 February 2007; Vol. 457, c. 1229W.]

A House of Commons note on the channel tunnel rail link dated 30 June 2008 confirms that London and Continental Railways was contractually obliged at the outset to provide a physical link between the west coast main line and the channel tunnel rail link to be used by regional services, but, curiously, was not obliged to provide any services other than those between London and the channel tunnel. There could be a physical link, but at the moment there are no commitments that anyone will use it. Surely, with a stroke of the pen, the Minister could make a difference. Will he consider whether we can, at a reasonably early stage, have physical access by train to High Speed 1 for our journeys?

In the longer term, surely it is time to examine high speed rail across the country. I am particularly keen on the Greengauge 21 scheme. It would offer a connection between St. Pancras and Stratford International with the centre of Birmingham by high speed operation, which Greengauge 21 proposes should be High Speed 2. Both High Speed 1 and High Speed 2 would have direct contact with Heathrow airport, and there would be an extension of Eurostar services as a result to Birmingham and Manchester. All that would release capacity on the existing west coast main line for more commuter and freight services.

The Minister should be enthusiastic about such an approach, and I want to hear him say that that is what the Government are working towards. Is the hon. Member for Wimbledon (Stephen Hammond) barracking from a sedentary position?

Stephen Hammond: I am just smiling.

Mr. Kidney: I have taken a bit of time, but I think that other hon. Members are not here to make speeches. My last point is about freight. It tends at the moment not to go by high-speed rail, and quite a lot of continental freight goes by sea. However, if we built new lines, that would free up capacity on the existing network, so that freight could step in and use it, which would bring significant benefits to the rail freight industry.

I have some praise for the Government's support in helping to link rail from the south of the country to the north. For example, from an early stage I have watched the development of the Terra Marique multi-purpose pontoon project, which is a seaborne link from the continent to the inland parts of Britain by the north sea and the channel and inland waterways. The Department promoted that from the start, and significantly funded it. In fact, anyone who was out on the Terrace three years ago would have seen the maiden voyage of the Terra Marique, because it came past to show itself off to us.

[Mr. Kidney]

The Government are working well with British Ports to increase capacity at ports, and I was pleased that money has been given to establish links between ports and centres of population, such as linking Felixstowe and Southampton ports by improvement work on lines to the midlands. Of course, High Speed 1 is designed to carry freight as well as passenger traffic. Under legislation, the infrastructure managers are required to allow access to freight journeys. We have recently passed the Channel Tunnel Rail Link (Supplementary Provisions) Act 2008, which is partly a prelude to the Department selling off the state's interests in High Speed 1—the infrastructure and its land interests. Some people are nervous that the sale might lead to a lack of control over the access that freight operators have through the tunnel. As the Minister moves towards having the entire High Speed 1 operation in the private sector, I hope we do not stifle growth and competition—for either passenger or freight. A number of passenger and freight operators would like to run trains through the tunnel to routes beyond London, and new entrants certainly ought to be able to expect fair competition with Eurostar.

On top of that, High Speed 1 is proposing to charge freight trains around £12 per train mile compared with £2.50 on the rest of the Network Rail network. By law, that is supposed to represent marginal cost, as required by the EU first railway package. I hope that the Minister is keeping a close eye on what is included in the calculation of the marginal cost, because as these rates stand, the lack of affordability will deter use of the line for freight—even though High Speed 1 offers some good capacity, especially at night.

I have also been told that there is the potential for high-speed freight. The consortium called Carex, which operates out of Charles de Gaulle airport in Paris, is developing high-speed parcel services between major airports and is interested in using High Speed 1 for access to British airports. The other issue in relation to freight travel is what the level of future demand is likely to be. According to a forecast made by MDS Transmodal on behalf of the Rail Freight Group and the Freight Transport Association, there will be a shortage of around 200 train paths a day for freight on the main routes north of London by 2030. That assumes there will be no additional passenger trains, which is not a likely outcome. So, either new freight lines or routes will have to be built, or new passenger lines will have to be constructed to leave capacity on the existing ones for freight growth. Otherwise, there will be no room for the growth in freight, which will mean that the demands of customers will not be met. More importantly, the demands and legitimate expectations of the British public for as much freight to be put on rail as possible will not be met. I hope that the Minister will say that freight is important and that future growth in demand will be catered for.

The best hope for an early decision on more high-speed rail links and the improvements that I would like to see in direct rail services to the continent is contained in the announcement made by the Secretary of State on 29 October in a written statement: *Official Report,* column 34WS. That statement is about the new national networks strategy group, which will be chaired by my noble Friend Lord Adonis. I know that the group has been widely welcomed by the rail sector. The European high-speed network is set to double in size to 5,700 miles by 2015 and open access will start in 2010, so it is surely imperative that the Government outline a longer-term vision for UK railways. We must not allow ourselves to be left behind by our European competitors. I ask the Minister to pass on to the noble Lord the suggestions and comments made in this debate, and I urge him to meet the Secretary of State's deadline for reporting his group's conclusions in the spring of next year.

Part of the beauty of St Pancras is the new statue of John Betjeman. I have described my right hon. Friend the Member for Kingston upon Hull, East, the former Deputy Prime Minister, as a hero of that line, so perhaps we could have a sculptured statue of him there eventually. I looked for a bit of support to back up my case from John Betjeman's poetry, but I have been unsuccessful. I did, of course, find "From a Railway Carriage" by Robert Louis Stevenson:

"Faster than fairies, faster than witches,
Bridges and houses, hedges and ditches;"

and Auden's "Night Mail":

"This is the Night Mail crossing the border,
Bringing the cheque and the postal order".

However, the best I could find for this debate from my hero John Betjeman was "Dilton Marsh Halt", which ends:

"And when all the horrible roads are finally done for,
And there's no more petrol left in the world to burn,
Here to the Halt from Salisbury and from Bristol
Steam trains will return."

I hope for a bit better than that from the Minister, and I look forward to hearing what he has to say.

3.5 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My hon. Friend the Member for Stafford (Mr. Kidney) has done a service to the House by bringing the wider debate on this issue to the attention of hon. Members. I congratulate him on the way in which he has enhanced the cultural standards of the debate with his poetic contribution. I am afraid that I will not be able to follow that.

My hon. Friend has also done us a great service by reminding us of the history of the proposals for links between the continent and those parts of Great Britain that are north of London. It is worth remembering that the issue has had an extremely chequered history. My hon. Friend reminded us that it was a promise of the previous Conservative Government to provide such through-links. That promise was not simply broken after a few years, it was broken at the start because those links were not provided when channel tunnel services started to operate.

For a while—this applies to the east coast, but it might have applied to other parts of the UK, too—there were some bizarre substitute services. I remember that shortly after 9 o'clock every day, a train left Edinburgh for London Waterloo. The train took about six hours to get there after it had meandered around the outskirts of London. Not surprisingly, many passengers found it much easier to go to King's Cross and get the tube to Waterloo rather than use that service. The service not only took a long time to get to London, but, presumably because of some franchise arrangements under privatisation, it was not allowed to take passengers from intermediate stops en route. I saw people trying to get on the train who had assumed that they could perhaps go to Newcastle or York. They were turned away because the service was only allowed to be used by passengers going to Waterloo to connect with Eurostar services. As that train meandered through the east coast of Scotland and England and refused passengers en route, it was like some modern day version of the sealed train that took Lenin through Germany in 1917. Not surprisingly, it was not commercially successful and did not last long.

To rub salt into the wound, the rolling stock that has been purchased to allow through services from Scotland and Wales and the regions to the continent was eventually disposed of and used by Great North Eastern Railway for enhanced services to Leeds. That was obviously welcome for Leeds, but it certainly was not what was intended when the stock was first provided. This subject has had a chequered history and we now have the opportunities to try to set the record straight and repair the damage done by the neglect of the provision of these services for so long.

Clearly, the new channel tunnel terminus at St Pancras has increased the possibilities for people who are north of London to use services from St Pancras to the continent. As my hon. Friend pointed out, despite the extra inconvenience of changing trains, more and more people are using those services from places north of London. Certainly, great improvements in journey times are possible. I have travelled from Paris to London by train in under seven hours and from Brussels in under six and a half hours. That makes rail journeys to destinations on the continent much more competitive with air travel.

If we had direct services from the continent to destinations north of London, we could clearly do much more. We certainly now have the time and the opportunity to consider how those services could be introduced. Things could be done about that now. My hon. Friend quoted the previous Conservative Secretary of State for Transport's comments on sleeper trains going from the north to the west and across to the continent of Europe. That is certainly something that could be introduced now. Because of the timings of journey start and finish points, people are now quite used to somewhat circuitous journeys to get to their destinations. There is no reason why sleeper trains could not run from Edinburgh and Glasgow, or points further north or south, to Brussels or Paris. That could be thought about now, and I hope that the Department is doing so.

As my hon. Friend pointed out, it was expected that there would be a link from the new channel tunnel link that would allow services to run further north along the west coast main line. That could provide services to Stafford, Birmingham, Manchester, Liverpool, Glasgow, Edinburgh and possibly further north. My hon. Friend the Minister might find great support for the suggestion that channel tunnel direct services could even run as far as Kirkcaldy! I am sure that that would find great approval at least in high levels of government. The potential exists for through services even now, and, as my hon. Friend has pointed out, at a time when there is greater awareness of the environmental consequences of flying, when, bluntly, flying and going through airports is becoming a less and less pleasant experience, and when air fares are clearly going to go up, the potential for such direct rail services, even with existing lines, should be seized on by the Government and transport industry.

The full potential of through services from points north of London to the continent will be realised at the point when we get high-speed services and lines running north of London. Various alternatives have been put forward, as my hon. Friend explained, and I do not want to go into all of them today. However, if there is a consensus and high-speed rail lines are on the agenda, I welcome that. I have been attending debates on the subject in Westminster Hall, and have been initiating them myself, for five or six years, as have other hon. Members, including some who are present today. If the mood is shifting in the direction of favouring a high-speed line, I welcome that, and I urge the Government to recognise the potential that that gives us not just to improve travel times and capacity in Great Britain, but to improve links to the continent of Europe.

As my hon. Friend pointed out when he quoted the Transport Secretary of the time when the channel tunnel link was being developed, there are strong economic, environmental and social reasons for direct services to be provided not just to London but to as many parts of Great Britain as possible. Those economic, environmental and social reasons are as strong as, perhaps stronger than, they were then. I urge the Government to listen to my hon. Friend's call and to give us an indication that the Government will take the opportunities that exist to progress towards high-speed and direct rail links from north of London to the continent as soon as possible. We have seen what can be done about increasing customer numbers, even with the move to St. Pancras. How much more could we do with those direct links, and how much more again could we do if there were high-speed direct links?

3.13 pm

Mr. John Grogan (Selby) (Lab): I had not intended to take part in the debate, but the sheer style, verve and literary merit of my hon. Friend the Member for Stafford (Mr. Kidney), who opened the debate, prompted me to make a brief contribution. I do not think that he spoke just for his constituent Mr. D'Arcy, or just for Stafford. As he often does, he was speaking for England and indeed the entire United Kingdom in some of his remarks.

I want to follow up on something that was implicit in my hon. Friend's opening remarks, when he stressed that high-speed rail, if properly developed in this country, could be a replacement for some air services. We must face that debate. He included Eurostar as an example, and 70 per cent. of the market between London and Paris is now high-speed trains, which have replaced many of the flights there. The airline market between Paris and Brussels has been completely eliminated because of the success of high-speed trains. Now it is not just Eurostar that has the potential to provide services between London and Paris, and so on; a consortium of Air France and KLM is looking to run train services on the High Speed 1 rail line between London and Paris. When airlines are thinking of getting into the rail market, that shows the potential for substitution. Some people have even suggested that of the 450,000 flights a year from Heathrow—I think that is the right figure—perhaps

[Mr. John Grogan]

100,000 could eventually have high-speed rail alternatives. If that is only half right, and it is a question not just of flights between London and Leeds and London and Manchester, but flights from the English regions to the continent, there is a real chance of rail replacement.

I speak as a proud Yorkshireman and have often had correspondence from businesses in Yorkshire saying that we must maintain the link to Heathrow. I have duly written off supporting the retention of an air link between Leeds Bradford airport and Heathrow. However, as time has gone on, I have reflected on whether that is the best that God's own county can hope for—three flights a day to Heathrow, often circling Heathrow for many minutes, often late and often missing their onward connections. It would be far better if we had that high speed spur to Heathrow. Parts of Yorkshire would be 90 minutes or less away. Perhaps there could be an hourly service, or a 90-minute one. That would be a much better link for God's own county to our major international airport.

It is disingenuous to say that there is no potential, or very little, for rail replacement of Heathrow air services. That, on all sorts of environmental as well as economic grounds, is the potential that we have before us. Also, if places in Yorkshire such as Robin Hood airport just outside Doncaster can be linked to London in less than 90 minutes, or perhaps 75 minutes, that will make them nearly as close to parts of London as Stansted is now. It could help. The high-speed network could mean that more long-haul destinations could be served from Birmingham, which would be just 45 minutes away from London on high-speed rail, from Yorkshire and potentially from Manchester, too. So there is a lot to be said for high-speed rail from the point of view of the regions—as a matter of both direct air links to the world and faster rail links to Heathrow and London.

In Yorkshire, we have looked on as a great deal of expenditure has been committed, rightly in my view, to Crossrail and the Olympics. High-speed rail is the project that the entire north of England looks to Parliament and the Government to back—and there is definitely a case for extending it to Scotland as well. It is the big capital project, equivalent to the Olympics or Crossrail, that could completely change the dynamics of our economies.

My hon. Friend talked about a statue at St. Pancras station. I think that he suggested such a statue should be of our former Deputy Prime Minister. I do not think that we should put aside the prospects of the Minister who is present today, who is a rising star and one of life's political healers. The Government have a problem at the moment with the debate about Heathrow and the third runway. I am pleased that they have now begun—after, it must be admitted, a slow start in this Parliament, given that we had a manifesto commitment to high-speed rail—at least to begin to fulfil their commitment, and examine it. I, with my hon. Friend the Member for Stafford, hope that they will do that speedily.

We have also passed a new, faster and more efficient planning system. It seems to me that there is some merit in the early-day motion that bears my name, which has attracted support from across the House, and that we should use the opportunity of the next few months—I am not talking about years of delay—to examine airline policy and high-speed rail policy together, rationally and sensibly. I think that my hon. Friend the Minister is one of those people who could begin to forge a national consensus on the issue.

We are talking about our long-term transport strategy. We cannot afford to be divided in the House on this matter and make the possibility of changes to high-speed rail or airport policy dependent on the result of an election. We should get rid of the shackles of all the lobbying that has been going on for a third runway at Heathrow; those tactics remind me of the tactics used by those who lobbied for super-casinos, who thought that they just had to infiltrate the Department, get a few City lobbyists on board and persuade a few people at No. 10, and all would be well. Now we are seeing the beginnings of a debate in Parliament and there is a sense that all is not well. Members of Parliament, like the public, want the Government to reflect on their transport policy and the potential of high-speed rail, to consider high-speed rail together with airports and to use the time between now and the next general election to come up with a policy that can command the support of the House, and ensure that the statue at St. Pancras will be of the Minister.

3.19 pm

Tom Brake (Carshalton and Wallington) (LD): May I start by congratulating the hon. Member for Stafford (Mr. Kidney) on securing the debate. He highlighted, among other things, past commitments to ensuring that Eurostar went a little further north than, first, Waterloo and then St. Pancras. He also highlighted the importance of improving freight facilities, to ensure that more, rather than less, of our freight is carried by rail. I shall not reflect on the matter of whom the statue might be—we will have to wait and see. Unfortunately, anything to do with rail infrastructure in this country takes a minimum of 10 to 15 years, so I do not think that any of us can second-guess of whom that statue might be.

I had time to reflect on the subject of our debate as I was standing on the overcrowded, delayed 08.10 train from Wallington to London Bridge this morning. I had further time to reflect as I was standing with about 500 other people, trying to get on to the tube at London Bridge. I happened to be standing next to a foreigner who turned around and said to me, "Is this normal?" I said "Look at the LED display board." That board said that there was a good service on the Jubilee and Northern lines, so I had to reassure him: "Don't worry, this is perfectly normal. This is how we travel in London." He was, I am pleased to say, reassured by that information.

I would like to start by commenting on what various hon. Members have started with—the environmental benefits of high-speed rail. Hon. Members will be aware that Eurostar has commissioned some research. Clearly, it is not entirely independent on this matter and it has a certain interest, but that research showed that flying between London and Brussels, or between London and Paris generates 10 times more CO_2 emissions than taking the Eurostar. We have heard that Eurostar is already carbon neutral, but it is seeking to reduce its emissions further, with a programme that it hopes will lead to a 25 per cent. reduction in carbon emissions by 2012. It also highlights the fact that the load factor on its services is very good, at about 60 per cent., which compares favourably with the load factor on some airlines at certain times of the day.

Eurostar is trying to highlight the fact that the potential environmental advantage is significant, but that at the moment the UK is failing to capitalise on a growing market for high-speed rail. In other European countries, because of the connectivity provided by the channel tunnel, there is potential to grow that market, but the UK is not really participating at present. A specific point that I would like to put to the Minister is whether his Department will carry out an assessment of how passengers shift from air to rail services when high-speed rail lines are introduced. From a parliamentary answer supplied to my hon. Friend the Member for Lewes (Norman Baker), I know that no specific assessment has been made of the shift in relation to French train services. It would be useful, and it would inform this debate, to see what happens when a large network is installed and how the shift from air to rail happens. I hope that that is something that the Government are willing to undertake.

Open-access railways for international passenger travel should start from 2010 onwards, and they offer the potential for much greater competition, with Eurostar having to compete on the present lines with other providers of high-speed rail services. I hope that the Minister will be able to clarify what the safety standards will be when the open-access railway is introduced in 2010. Whoever is going to compete in the market needs to know what those standards will be, otherwise they will not be in a position to compete effectively from 2010. There is a specific safety requirement for the channel tunnel with which they must comply.

As an aside, I would like the Minister to comment on whether the safety standards that apply in the channel tunnel are entirely necessary. I hesitate to say so, but on the Swiss railways, in mountain tunnels, which are longer than the channel tunnel, different safety standards are used. The Swiss do not have the same safety standards as those that apply in the channel tunnel, but they consider their railway to be safe. I do not know, but they may have achieved a less onerous way of ensuring safety. Will the Minister either comment on that or undertake to conduct research on whether the Swiss have found a more cost-effective system while maintaining safety standards.

Something else that the Government need to clarify, if we are to have open-access railways after 2010 and see a greater degree of competition in the provision of international rail services, is precisely what will happen to services that are using the channel tunnel. The fire took place a few months ago, and it is presumably too early to say what will come out of that, but will the Minister comment on whether is a case for stopping the open design of the HGV shuttles? Is that appropriate? Will he also comment on whether there is a need to consider some of the products and chemicals that go through the channel tunnel, and whether some of them should be sent via designated ferries, as a safer way of transporting them?

A number of hon. Members have commented on the integration issue in relation to Eurostar: how to integrate a train service coming from further north with the Eurostar going on to the continent. The Minister will be aware that there were plans to ensure that there was a single ticketing system to enable someone here in the UK—perhaps at the local station of the hon. Member for Stafford—to make a through booking—a ticket that took him from Stafford station right through to Moscow or Cologne, if he wanted to travel that way. I understand that that has fallen through. The complexity of creating a single ticketing system when, for instance, the age at which someone is a child on the German train system is different from the age under the rules that apply in the UK, has made it impossible. I hope that he can make some suggestions about how to encourage inter-country train travel; not just from the UK to France, but from the UK to beyond France and on to other destinations. How can one encourage that kind of travel when, unfortunately, a single ticketing system does not seem to be on the cards? There may be other things that can be done, such as making people aware of the connections that exist between, for example, Lille and other stations, between Brussels and Paris, and so on.

My final point is perhaps a parochial one. I know that hon. Members from further north will object to complaints about train services going to the south of the country. In the summer, my family and I used to take the train service from Waterloo straight through to Avignon, and we now take the service from St. Pancras to Avignon. For many people in the south-east, that has been a negative change, as time has been added to their journeys. We need to examine whether something can be done to speed up train services in London.

Stephen Hammond: On that parochial point, the hon. Gentleman's constituents and mine are on the same loop, which goes to St. Pancras. However, as a result of the Thameslink programme in 2015, our constituents will be forced to stop at Blackfriars. I hope that the Minister will take the point that of the 32 or so paths that go through Blackfriars and onwards and upwards, the only four that terminate at Blackfriars are from south-west London. I am sure that the hon. Gentleman will join me in urging the Minister to consider that. I know that his colleague, Lord Adonis, is considering it, and I have a meeting with him in the near future, but I hope that the Minister will be persuaded by the force of our arguments on that point for the people of south-west London.

Tom Brake: I thank the hon. Gentleman for that very helpful intervention, and I echo entirely what he says. In fact, I am due to meet representatives of Network Rail—next week, I think—to discuss the issue, because a number of constituents have raised concerns about it.

The changes that I was talking about mean that at Waterloo some platforms are now available. Liberal Democrats want those platforms to be used for train services. We do not want them to be used to build shops on. With the credit crunch, it is possible that there will be less demand to build shops, so we may be able to invest for the long term in using the platforms for a combination of services, including local train services provided by South West Trains. My hon. Friend the Member for Kingston and Surbiton (Mr. Davey) has been pushing hard for that. Who knows? Perhaps in the future there will be the potential to run some Eurostar services back into Waterloo.

Stephen Hammond: The need to increase capacity has been identified by a number of Members as the major issue across all parts of our network. The previous Rail Minister, the hon. Member for Glasgow, South (Mr. Harris),

[Stephen Hammond]

said that it would cost about £5 million to do the works outside Waterloo, yet it is costing us £500,000 a year to mothbail those facilities. Does the hon. Member for Carshalton and Wallington (Tom Brake) share my surprise at what is happening?

Tom Brake: Again, that is a telling point, and no doubt the Minister will provide an explanation—or he may struggle, but we will watch with interest to see what his response is. At Waterloo, there are platforms that could and should be used to provide train services—potentially a mix of local services provided by South West Trains and Eurostar services coming into the south, as they used to; that was their original destination. I hope that the Minister will provide some certainty on that point and say that platforms 21 to 25 will be used for train services, and they will not be lost and become the next major retail development in London, as that would be extremely regrettable.

There is now a degree of political consensus on the need for high-speed rail, but there is some uncertainty about how it will be funded, which is why I threw into the pot the idea of a surcharge on domestic flights to put money into a transport infrastructure fund that could be used to invest in high-speed rail. I shall listen carefully to the Minister and, depending on what he says, I may or may not support a campaign to erect a statue of him at St. Pancras station.

3.33 pm

Stephen Hammond: This has been a fascinating debate. I congratulate the hon. Member for Stafford (Mr. Kidney) on securing it and on introducing it in an all-inclusive way. I am referring both to his style and the points that he covered. Other contributions that we have heard have been interesting in terms of some of the omissions as well as some of the things that were included. The Liberal Democrat spokesman, the hon. Member for Carshalton and Wallington (Tom Brake), intervened on the hon. Member for Stafford to talk about economic plans announced by my party yesterday, then questioned the support for high-speed rail. However, the Government consistently tell us that his party wants to cut £20 billion from public expenditure, and, intriguingly, he did not announce how he would provide funding or continue to make that commitment.

I was also intrigued by the contribution from the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz), who made a number of good points, but he did not say whether he expects the Scottish Executive, of any political hue, to commit to building high-speed rail in Scotland. I am interested to know whether he thinks that that will be a policy of an Executive formed of his party or of any other hue.

Mark Lazarowicz: I will respond to that invitation. Clearly, the hon. Gentleman would not expect me to make any commitments on behalf of the current and no doubt short-lived Scottish National party Government, but he should be aware that inter-city rail is still a reserved matter and therefore the responsibility of a UK Government in any respect.

Stephen Hammond: That may be the stated position. Whether the current Administration in Scotland are short-lived or not, I know that they are holding a conference on high-speed rail in the near future and are inviting a number of UK experts. They are talking about delivering that package out of their own resources. As I said, the Administration may or may not be short-lived, but I am interested to see what happens.

Today's debate is welcome, as the hon. Member for Stafford stated his support for the cause of high-speed rail and linking the UK to the continent. That may even be, in the near future, the policy of his Front-Bench team, who are currently the only Front-Bench team who have not been converted to that policy. When I was listening to the hon. Gentleman, I was somewhat surprised by his comments about the investigative nature of what the Government are doing at the moment. I was not sure whether the onus of what he was saying was that the bulk of the investigation was being done by Network Rail which, supposedly, is not an arm of the Department for Transport. I shall be interested to see whether the Minister chooses to clarify that point.

The reason why many of us suggest that the cross-party consensus to which the hon. Member for Carshalton and Wallington referred does not exist lies in some of the comments that we have heard from the Government. The previous Secretary of State, the right hon. Member for Bolton, West (Ruth Kelly), confirmed at column 739W of *Hansard* on 1 April 2008 that not one civil servant in the DFT was working on high-speed rail. She also dismissed the arguments for the environmental benefits of high-speed rail on 2 April; I refer hon. Members to column 852 of *Hansard*. Last year's White Paper, "Delivering a Sustainable Railway", which was her 30-year strategy for the railways—we all know that infrastructure planning is a long-term business—refused to consider any high-speed lines for 30 years, so although we have heard from various hon. Members about a potential consensus, at the moment we are waiting for the Government to join it.

It may be that today the Minister, who has a number of responsibilities, particularly on local networks, will alter the policy on national networks and that tomorrow his fellow Minister in another place will also alter that, but at the moment the Government's position is clear. They have rubbished high-speed rail. When my party's firm commitment was made at the end of September this year, the then Secretary of State described the proposals as "economically illiterate" and "hugely damaging" to the national interest. I cannot see how the Government can claim that they are part of a broad consensus to build high-speed rail and at the same time make such comments on the record.

The history of high-speed rail was set out with more eloquence than I can provide by the hon. Member for Stafford. I hoped that would start with the Orient Express boat trains of the 1930s, but none the less, his history was accurate. The opening of the magnificent new station at St. Pancras has brought an increasing demand for rail links to Europe. Last year, 9 million passengers travelled by rail to Europe. The first nine months of this year saw an increase of approximately 14 per cent. in travellers and, as has been mentioned, the number of travellers from Derbyshire has increased by 150 per cent. The number of travellers from Yorkshire—even if not everyone would agree with the hon. Member for Selby (Mr. Grogan) that it is God's own county—has increased by 100 per cent. this year. That highlights the fact that, when rail journeys can be completed within four and a half hours, they compete favourably—if not extraordinarily well—with air travel. It is no surprise to see the demand from those areas rising, and that supports the argument that, if we had a more extensive high-speed rail network, demand would continue to rise.

The UK has 68 miles of high-speed rail linking London to the continent. If the Government's current policy persists, there will be no advance on that and no plans to expand on the UK's 0.007 per cent. share of the European high-speed rail network. Italy opened its first line in 1978 and France's first TGV service began in 1981. Germany's first high-speed intercity express opened in 1992, as did Spain's. Sweden opened a high-speed link between the airport and central Stockholm in 1999. Turkey began building its high-speed network in 2003, and Portugal opened its first high-speed line in 2004. The UK lags significantly behind in the expansion of high-speed rail, even more so because—as many of us know—Europe lags behind the rest of the world. Japan had its first bullet train 35 years ago, and the regenerative impact of high-speed rail on the economy is well established.

The constituency of the hon. Member for Stafford is linked to the continent by rail, either down the west coast main line to Euston, St. Pancras and onwards, or via connections to Heathrow, where people can catch a flight. As the hon. Gentleman pointed out, the west coast main line is already overcrowded and will be full to capacity and able to take no more passengers by 2015. The benefits of new lines and a high-speed rail network across the United Kingdom, linking the hon. Gentleman's constituency with Lille, through France into Spain or out to Milan are clear, not only because of the economic and environmental benefits, but because that would relieve capacity on the west coast main line. The hon. Gentleman eulogised the route from London to Birmingham and Manchester—I am not sure whether I heard him say Leeds, but that does not matter. There is a firm commitment from the Conservative party to build on that line.

Tom Brake: Given the change of policy by the official Opposition yesterday, will the hon. Gentleman say whether he has since had a discussion with the leader of the Opposition, his right hon. Friend the Member for Witney (Mr. Cameron), confirming that those plans are still watertight?

Stephen Hammond: I do not know whether or not the hon. Member for Carshalton and Wallington (Tom Brake) is an economic genius. However, at the moment, no economist can tell us exactly the shape of the recession or what the public finances will be like in 2015, when we propose that the railway be built. I have not had such a conversation with my right hon. Friend the Member for Witney (Mr. Cameron), but I do not need to. The Conservative party has made a firm commitment to start the process. That will be in our first term of government, which hopefully will be sooner rather than later. The process will involve a hybrid Bill, as outlined in our proposals. By 2015, after the first parliamentary term, we hope that we will be in a position to build that line. We estimate the build time to be between 2015 and 2027. That firm, unequivocal commitment remains, and is sustained. I hope that that clears up the matter for the hon. Gentleman. Yet again, he failed to reaffirm his commitment, but we shall not worry too much about that.

I am conscious of the time, as I know that the Minister wants to respond. The proposals by the Conservative party and by Greengauge 21, as well as the comments from a number of hon. Members about the benefits of high-speed rail, are broadly the first step. A high-speed rail network around the UK is advantageous, and it will enable people to travel around the UK and link it to the continent. It will provide shorter journey times, faster trains, improved reliability on dedicated lines and extra capacity, both on high-speed lines and by releasing capacity on conventional lines.

If we build a dedicated high-speed line linking London, Birmingham, Manchester and Leeds, that will clearly have an impact on the west coast main line which, as I have described, will be full to capacity by 2015. There will be huge benefits for a number of people, particularly the constituents of the hon. Member for Stafford. One could postulate the same thing for constituents in Milton Keynes, Macclesfield and so on.

The high-speed rail link will benefit capacity on the rest of the network, and it will also generate extra rail freight capacity. It is not insignificant that the Rail Freight Group has announced its support for high-speed rail. We need to improve the freight paths around the country, and a high-speed rail link would do so by allowing freight to travel on the high-speed rail link at non-busy times or through the night, and simply be creating extra capacity.

High-speed rail would provide a dramatic benefit for the economy. Any proposal of the sort put forward by Greengauge 21 or by the Conservative party would show the potential for a new central business centre in the north of England. Such a link would increase the prospects of Manchester and the north of coming into what has been recognised as the south-east growth zone of the economy. Better infrastructure would enhance the case for inward investment, and areas around high-speed rail constructions gain huge economic regenerative benefits. We can see that by looking at any number of the stations built in Japan.

Other contributors have dealt with the environmental benefits in more detail. However, Eurostar tells us that it emits a tenth of the carbon emissions of aircraft travelling between London and Paris. That is not by using the newer generation trains, but by using an existing energy mix and the available technology. Undoubtedly, part of that energy mix will be nuclear, but if we had a different energy mix and the new generation of trains, those carbon emissions might be even less. The hon. Member for Stafford concluded the announcement on 29 October that the national network strategy group was going to look at this matter. There are some people who, while welcoming that announcement, will wonder whether it is not another example of pushing policy into the long grass or to the right. All I want to hear from the Minister today is confirmation that the Government will join the cross-party consensus and agree to build a high-speed rail network in this country.

3.49 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): This wide-ranging debate has been excellently led by my hon. Friend the Member for Stafford (Mr. Kidney), and I congratulate him on securing it.

[Paul Clark]

It might be helpful if I set out the background to some of the changes that we have made, which were not recognised by the hon. Member for Wimbledon (Stephen Hammond). It has been said that we are not committed to high-speed rail, but we have seen the introduction of the new High Speed 1 route and have invested £8.8 billion in the west coast main line, which has substantially changed travelling for many hundreds of thousands of people across the country. Promises made by former Secretaries of State in 1994 have to be supported by investment, as do any of our commitments. That investment was not there at the time, but is now—that has been the substantial difference under our tenure.

Since 1996, rail passenger kilometres and journeys have grown by more than 50 per cent. People are now travelling further by train than in any year since 1946. For the first time since 1961, more than 1 billion rail journeys were made in 2003-04, and, in each of the next three years, that number increased further. Not only passenger rail transport is growing: since 1996-97, the amount of freight moved has increased by 40 per cent.

One of the reasons why people are willing to use trains today is that rail performance has improved steadily over the past several years, against that background of investment, and punctuality and reliability are now at 90 per cent. However, if rail is to continue its revival, the Government must continue to invest in the industry's needs. With the rail White Paper, published in July last year, we committed ourselves to making that investment, including the high-level output specification. Historically, the railways have lurched from funding crisis to funding crisis, to the detriment of passengers and our wider economy. With the White Paper, we have put it on a stable footing, under the scrutiny of the independent regulator, while delivering major, much-needed investment.

In setting out a clear and sustainable long-term strategy, the White Paper is the most positive statement on the growth and development of Britain's railways in 50 years. It sets out our priorities in tackling capacity pinchpoints on the busiest sections and services in our urban areas and their supporting regions, and on inter-urban corridors and freight links to international gateways—the strategic economic priorities that Eddington identified. In the medium term, the focus is on measures that will enhance and make better use of our existing railway infrastructure and deliver visible benefits to users—for example, train and platform lengthening—rather than on committing to speculative step-change measures using unproven technologies.

My hon. Friend the Member for Burton (Mrs. Dean) mentioned overcrowding, which has been one of our priorities in delivering capacity improvements that will improve the travelling experience for that substantially increased number of passengers. We want the railway to have the capacity to handle double today's freight and passenger traffic, to be even safer, more reliable and more efficient, to cater for a more diverse, affluent and demanding population and to meet its environmental potential by reducing its carbon footprint.

Through HLOS, the Government have set out, for the first time, the amount of money that they are committing to the railway between 2009 and 2014. Critically, it also sets out the expected returns on that substantial investment of £15 billion. Major projects, such as the £5.5 billion Thameslink scheme, the £600 million for the Birmingham New Street and Reading stations and improvements to track and infrastructure across the network, will help to meet those immediate and medium-term goals. Although the railway is safer than ever and reliability better than it has been for several years, despite the railway carrying more people and being used much more intensively, we have specified further improvements. By 2014, reliability will be 92 per cent.

My hon. Friend the Member for Stafford, and others, mentioned their personal experience of some of the improvements made on lines—for example, the speed of some trains has increased from 110 mph to 125 mph. The other week, I was with a Birmingham chamber of commerce, where it was recognised that the service between Birmingham and London is second to none and that the journey time has reduced substantially—by some 20 minutes. I recognise that the west coast main line upgrade has caused some upheaval to the travelling public, especially at weekends, but out of it will come a far more reliable, effective and efficient service.

My hon. Friend referred to rail links. I can confirm that they exist—for example, from King's Cross, on the north London line, and on the west coast main line at Willesden. He also referred to open access to Eurotunnel, which has agreed lower rates for rail freight, and he will also know that English Welsh & Scottish Railway Ltd has started running new intermodal and automotive services by utilising that potential. In addition, in showing our support for rail freight—we want to see it grow substantially in the long term—we have agreed that British Railways Board will continue to pay the UK allocation of Eurotunnel's fixed costs and to invest some £200 million in the development of the rail freight network.

I assure my hon. Friend that I shall draw Lord Adonis's attention to this debate, and, to pick up on his concluding remarks, I promise that we have no intention of returning to steam trains. The success and growth of Eurostar patronage was well documented by statistics released in November, and we welcome those improvements.

My hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) referred to changes that he has observed and his desire for further such developments. Part of the £15 billion investment strategy will be to improve train times. Some 130 stations already have through ticketing, but of course that is a work in progress, and we will continue to introduce new technologies to take advantage of greater opportunities.

On the high-speed links—

Mr. Peter Atkinson (in the Chair): Order. We must move on.

Nuclear Industry Finance

4 pm

Paul Flynn (Newport, West) (Lab): This is a lamentable saga of a breakdown of parliamentary accountability on nuclear industry finances. It is a matter of the gravest importance, involving the most hazardous nuclear site in the country and huge sums of money. Initially, the contract was worth about £7 billion—£1 billion a year—but eventually it could cost up to £93 billion.

The Government have been bewitched by the pied piper of nuclear power, just three years after deciding that nuclear power was financially an unattractive prospect. They are now uncritically embracing it as a panacea. That might explain the disgraceful events that have taken place. It may also be a subterfuge to bury embarrassing news on the continuing saga and the enormous cost of the nuclear legacy, and also to disguise the fact that the Government are dumping a potential multi-billion pound liability on the taxpayer in a wholly unwarranted and possibly illegal new subsidy for the nuclear industry.

All hon. Members except two have been denied any chance of commenting on the policy, which is a parliamentary outrage. Early-day motion 2321, which was signed by more 30 hon. Members, asked for action on the matter.

On 14 July, my right hon. Friend the Member for Croydon, North (Malcolm Wicks)—I am delighted to say that he is in his position today—wrote to the Chairman of the Public Accounts Committee, and sent a copy to the Chairman of the Business, Enterprise and Regulatory Reform Committee, in which he set out the proposed arrangements for a public sector supported nuclear indemnity for the winner of the competition for the parent body organisation to take over the management of the massive Sellafield site. He inserted, inter alia:

> "Given the low probability of a claim being brought, the Nuclear Decommissioning Authority has assessed that the benefits of engaging a contractor will far outweigh the small risk that the indemnity may be called on."

He said, "small risk". That is a key issue. The risk was so serious that the main contractor said publicly that without the indemnity his company would withdraw from this very lucrative contract. He said that it was not prepared to take on the insurance risk. The Minister's letter also said:

> "I am placing a copy of this letter and the Departmental Minute in the Library of the House."

The Minister placed the letter in the Library, but not on 14 July. It appeared in the Library on 15 October—75 days after the final date on which hon. Members could object. As hon. Members have only two working weeks in which to comment on such departmental minutes, that effectively meant that no MP, other than the two Committee Chairmen, had sight of the minutes within the specified period. That alone should invalidate any subsequent attempt by Ministers to push ahead with the concluding transfer of the management contract for Sellafield. None the less, they concluded the contract on 6 October, the first day that Parliament resumed after the summer recess.

Yesterday, in our splendid debate on the feed-in tariff, I heard the Minister talking about how slowly Parliament moves on many desirable objectives. However, in the case of nuclear, the Government move with the speed of a striking cobra. When it comes to renewables, their actions are very similar to that of an arthritic sloth, yet speed was of the essence in this matter.

By coincidence, I tabled a detailed question to the Minister on 14 July. I asked him

> "what recent communications or discussions (a) he, (b) other departmental Ministers and (c) officials, have had with (i) the Nuclear Decommissioning Authority and (ii) consortium applicants for the Sellafield decommissioning contract on the indemnification of the contract holder against claims arising from property damage, the cost to human health, or the cost of measures of reinstatement of any significantly impaired environment in the event of an on-site accident or other incident resulting in the dispersal of radioactive materials off-site."

Therefore, the Department should have been well aware of my interest and possibly that of other hon. Members. The reply came back, which said, inter alia:

> "It would not be viable for any of the bidders to proceed without an indemnity because any fee earning benefits of the contract would be overwhelmed"

interesting choice of words—

> "by the potential liabilities. The NDA has assessed that the benefits of engaging a new contractor far outweigh the remote risk that an indemnity might be called upon"—[*Official Report*, 14 July 2008; Vol. 479, c. 76W.]

The Minister chose not to inform me at that time—this was in July again—that he had written to the Chairmen of the two Select Committees and that he had not put the departmental minute in the Library. Perhaps the Minister could explain why that was the case.

I pursued my inquiries. I tabled a question on the insurance indemnification and asked what the financial value was of the insurance indemnity. The answer said:

> "While the impact of any call on the proposed nuclear indemnity could be very high, there is an extremely small possibility only of the indemnity ever being used, and it is therefore not possible to put a meaningful financial value on the indemnity."—[*Official Report*, 22 July 2008; Vol. 479, c. 1146W.]

May I gently suggest to the Department that the reason why it cannot put a value on the risk is not because the risk is small, but because the liability is enormous, given the cost of clearing up after any nuclear accident? Now, that responsibility is being put on the backs of taxpayers, because neither the contractor nor commercial insurers will accept the risk.

On 28 August, during the recess, I again wrote to the Secretary of State to find out what was happening with the PBO transfer. I said:

> "When does the Government intend to place a similar departmental memorandum"—

to the one that accompanied the Drigg PBO transfer in February—

> "before Parliament."

I also asked him whether he would place into the public domain

> "all the correspondence"—

including letters, e-mails and memorandums—

> "between ministers or officials in BERR and the NDA in regard to the indemnification for Sellafield."

That has never been done. I ask the Minister to do that now.

In response to my further inquiries and to my point of order on 22 October, I received a further reply from the Minister. He talked about the schedule for evaluation

[Paul Flynn]

of the PBO bids provided for the announcement of a preferred bidder on or around 11 July. He went on to talk about the rigour of the programme that had been carried out. He was not very convincing. The Minister also said that there was no scope for slippage in the contract, because it would cause problems if a new contractor had to be found for Sellafield.

The Department for Business, Enterprise and Regulatory Reform circumvented the usual procedures in place to inform Parliament, and privately wrote to the two Select Committee Chairmen instead, and failed to lodge the minute. On the same day as the Minister's letter to me, 27 October, the Chairman of the Public Accounts Committee—a greatly respected senior MP—wrote to the Secretary of State saying that the guidance to Ministers in the manual "Managing Public Money" is unequivocal. He cited the relevant extract:

> "It is essential to give Parliament prompt and timely notice of any significant commitments, including contingent liabilities into which the Government intends to enter."

The Chairman also said that the Public Accounts Committee will feel that the period for objection should be reopened. That is the same view as that of those who signed the early-day motion.

Mr. Andrew Smith (Oxford, East) (Lab): I commend my hon. Friend's forensic work on the issue and support his call for full and transparent accountability in respect of Sellafield, as well as for any financial support from taxpayers or consumers for future nuclear power, whether through subsidies or more covertly through indemnities or guarantees, none of which, on his evidence, would be in the public interest.

Paul Flynn: I am grateful for that intervention, and I agree entirely with the points made.

Things get even more worrying in the rest of the Secretary of State's letter of 3 November. He admitted that hon. Members had not been informed due to "an administrative error", but then went further, seemingly denying his own claim and—this is rather alarming—attempting to justify the strategy of circumventing appropriate parliamentary scrutiny. He said:

> "'Managing Public Money' sets out two procedures for notifying an impending indemnity—notifying the House or writing to the Chairs of the relevant Committees. These are alternates."

That is the letter that he wrote challenging the Chairman of the Public Accounts Committee.

I believe that what the Secretary of State said and his interpretation lay down a precedent for future policy. We must resist the idea that something of enormous cost and importance—a huge burden on taxpayers now and in the future—need not go through parliamentary scrutiny, but that one or two Select Committee Chairmen can place a tick on it. It is an extraordinary usurpation of the rights of parliamentarians to suggest it, but that is what he is saying:

> "These are alternates. In this case we wrote to you"—

that is, to the Chairman of the Public Accounts Committee—

> "instead of notifying the House, undertaking to withhold final approval to proceed"

until there was a reply.

Of course, there was a reply. The Chairman did not object, and so the process continued. The Secretary of State said:

> "No objections were raised and you confirmed in your letter to Malcolm Wicks of 22 July…that you had no objection to the Department's proposal".

What about all the rest of us? Many of us did have objections. It was clear from the flow of parliamentary questions—I have quoted mine alone; but other people have been involved—that we had no opportunity whatever to object, because we did not know that the minute was there until 75 days after the period of objection. I am sure that hon. Members present will agree that that is an utterly unacceptable rationalisation of something that was at best a foul-up, but looks more like a cover-up.

I would like to draw attention to the question of risk and how serious it is. The Washington-led management consortium URS was reticent to take over the insurance for Sellafield because, as its representatives said in a public meeting, it is highly hazardous and a very dangerous nuclear site. Who says so? In October 2006, Justice Openshaw presided at the trial of British Nuclear Group for a processing accident at its Thorp site. His conclusion about the hazards of Sellafield was:

> "By reason of its huge scale, its nature and its complexity Sellafield…is the most significant and potentially the most hazardous nuclear site in this country."

Even the British Nuclear Group's own board of inquiry report on the incident, which involved something called a feed clarification cell, stated:

> "Given the history of such events so far, it seems likely that there will remain a significant chance of further plant failures occurring in the future"

I stress this—

> "even with comprehensive implementations"

of the report's recommendations. BNG decided to change the system, but said that the risk was still there.

There are extraordinary statistics, including in the memorandum submitted to the Select Committee on Defence in January by the international nuclear safety expert Dr. Gordon Thompson, executive director of the Institute for Resource and Security Studies. He said that

> "the B215 facility at Sellafield…houses 21 steel tanks".

4.15 pm

Sitting suspended for a Division in the House.

4.25 pm

On resuming—

Paul Flynn: From the evidence given by Gordon Thompson, the nuclear specialist, to the Defence Committee, I want to give one example of the danger of Sellafield. He described the amount of high-level radioactive waste there as containing

> "about 8 million Terabequerels…of caesium-137".

He went on to say that, by comparison,

> "the 1986 Chernobyl reactor accident released to the atmosphere about 90,000 TBq…of caesium-137".

At the time of the Chernobyl accident, we were assured that it was a mild risk, and yet the sheep in north Wales that were contaminated 22 years ago are still under control orders now. To put it another way, there was 27 kg of caesium-137 at Chernobyl; there is 2,400 kg at Sellafield.

No doubt the company that took over these consortiums exercised due diligence before reaching the conclusions that it did. Hon. Members of all parties should collectively regard what has taken place since then as unacceptable, sharp and evasive practice in a modern parliamentary democracy.

I urge the Minister when he replies to put away any prepared notes that he has and just respond to these points: I ask him to commit Her Majesty's Government to suspending the current contract between the Nuclear Commissioning Authority and the new USR Washington-led parent body organisation, or PBO; I ask him to look again at the subsidy that is being paid and to check that it is within European rules; I ask him to postpone the planned go-ahead on 24 November until such time as the House has had the opportunity to scrutinise in detail all the financial implications for taxpayers of this indemnification procedure; and I ask him to set up a fully independent examination of Sellafield's risks and insurability.

Finally, the series of events that I have just described besmirches the good name of Parliament by contemptuously disregarding the rights of parliamentarians. The Government and the nuclear industry cannot bury the true cost of nuclear power. It is our responsibility to clear up that mess, but they must be open and transparent. In their plans for future nuclear operations, they have tended to disregard the vast cost of nuclear waste and, in this case, the insurance that is an essential part of that cost. I urge the Government and the nuclear industry to face up to their demons and ensure that the industry pays its full costs.

Mr. Peter Atkinson (in the Chair): Order. Before I call the Minister, I inform hon. Members that this debate will now end at 4.42 pm, subject to there not being another Division in the House.

4.28 pm

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): This issue arose as a result of an administrative error by a junior official in the Department for Business, Enterprise and Regulatory Reform. That official was told that the letter to the Chairman of the Public Accounts Committee on this matter needed to go in the Library. It did not go in the Library. When it was checked, some months later and after the parliamentary recess, whether that letter had gone in the Library, it was found that it had not gone in. On that day, that letter was put in the Library.

In the last 15 minutes or so, I have heard references to cover-up, to conspiracies and to contempt of Parliament, and I say this to my hon. Friend the Member for Newport, West (Paul Flynn): his concoction of conspiracy theory, innuendo and hyperbole has reached new heights in the House. It is the case that there was a minor error by a junior official, who should not be crucified for that error by my hon. Friend; that would be unworthy of my hon. Friend.

This happened within the Department. There was no requirement on the then Minister of State, my right hon. Friend the Member for Croydon, North (Malcolm Wicks), to place the letter in the Library. He took the view that that was necessary in order to be open about this matter. An error was made by a junior Department official—humans are fallible—but I expect better of the hon. Gentleman than to talk about cover-ups and conspiracy. This attempt to manufacture a mountain out of such a tiny molehill is ridiculous.

The idea that the letter was secret is complete nonsense; it is a farce. Letters to the Chairman of the Select Committee on Public Accounts are not secret documents. They belong to the Committee, and members of the Committee can see them and refer them to the press. Far from trying to mount some sort of cover-up, as my hon. Friend suggests, my right hon. Friend was trying to be open with the House of Commons and to make sure that Members knew what was going on. I utterly refute the allegations, innuendo and concoctions that my hon. Friend has put forward. It is unworthy of him, and I expected much more from him.

Paul Flynn: Will the Minister explain why the Members who were interested in this matter were not informed? There is a great deal more to this. The Department tried to blame the Library, saying that it had not told the truth. The Department also said, in a press release to the *Western Mail*, that the reason why it was done was that it was a rushed procedure and it did not have any time. The Department has been wholly consistent on that, but it has given two versions. The first is that it did not have time and had to rush things through, and the second is the one that the Minister is giving now, that there was a failure.

Mr. O'Brien: I am sorry that my hon. Friend believes that he should be specifically informed of such matters above other Members. The two people who were informed were those who were clearly in a position to get the letter. The Public Accounts Committee Chairman was to receive the letter and would therefore clearly be informed. The letter was put in the Library to make it available to anyone who wanted to read it.

If my hon. Friend has a long-term opposition to nuclear, that is fine. I have no problem with that. Many people in the House have long-term oppositions to nuclear, but they do not concoct stories, conspiracies and cover-ups out of nothing as he has done. I have seldom felt so worried by the way in which stories are made up out of nothing as when I was listening to him today. There has been a regrettable error, and the Department regrets that things were not done as they should have been. My right hon. Friend wanted things to be done properly and ordered them to be done. He took a decision, not because the procedure required him to, but because he wanted things to be done openly. My hon. Friend suggests that the opposite was the case, but he is simply wrong.

My hon. Friend accuses the Government of dumping liability on the public, but who on earth does he think owned those nuclear power stations? Does he think that they were somehow owned by a private company when they were created? They were owned by the public—he knows that. No liability is being dumped on anyone, secretly or otherwise; there is a public liability. The Nuclear Decommissioning Authority has been set up to deal with the public liabilities that we have as a country and as a Government. We are trying to deal with those

[Mr. Mike O'Brien]

liabilities in a sensible, coherent way, and to ensure that that is done openly and with full consultation. There has been widespread consultation on this matter. The idea that something is happening secretly is nonsensical, as this matter has been addressed in the blaze of publicity.

The nature of the indemnity is very clear. There is a legislative restriction, in terms of the Government's liability, so that they are able to deal with those liabilities if an incident happens in the UK. Under the Paris and Brussels conventions, other countries have signed up to agreements on how nuclear incidents might be dealt with, but the United States is not a signatory to some of those. My hon. Friend says that we are failing to put a value on the indemnity, but what is the indemnity about? It concerns the remote possibility that, if an incident happened in the UK, an American court might take a view about a court fine or settlement over there.

All the companies that bid in the process said that they were quite to happy to undertake the task, but that they would not be responsible for a liability that some American or other court, which has not signed the Brussels and Paris conventions, might impose. The NDA therefore decided, quite properly and openly, that it would have to come forward with the indemnity. When that was done, my right hon. Friend wrote to the Public Accounts Committee, and that letter was to go into the Library. An administrative error, and nothing more, resulted in that not happening. The day that we found out that it had not happened, it was immediately corrected. That is what happened, and all the other claims do not add up to a hill of beans, if we are talking about hills and mountains.

Mr. Jamie Reed (Copeland) (Lab): I am gratified by the way in which my hon. and learned Friend is dissecting the incoherent concoction that has been put before him. Much has been said about the speed with which the process has been carried out, but does he agree that speed was of the essence? The regulator, the NDA and the Government all wanted the process to be addressed with speed, and speed was essential for operations at the Sellafield site to remain both smooth and safe.

Mr. O'Brien: That is the case. We had to undertake the process, for which negotiations and bids were received, and the letter of indemnity had to be agreed at the end of that process. As soon as it was agreed, it was decided that Parliament should be informed and that a copy of the letter to the Chairman should be put in the Library.

I want to make it clear that it is the Government's responsibility to deal with and to pay for decommissioning and to clean up our historical civil nuclear liability. The NDA's mission is therefore funded from the public purse, and is subject to parliamentary approval for expenditure and funding in the normal way. Since its creation, significant resources have been allocated to decommissioning. The NDA's total spend was £2.4 billion in 2005-06, rising to £2.8 billion in 2007-08. Its budget for the next three years is set to rise to more than £8 billion, which is the largest amount ever spent on UK civil nuclear clean-up programmes over that sort of period.

The competition at the heart of this issue was also at the heart of the NDA's mission to deliver fast, cost-effective clean-up. In March, the competition for the low-level waste facility near Drigg was completed, and the Sellafield competition is on course for completion on 24 November. I am letting my hon. Friend the Member for Newport, West know that. Those are significant milestones, and indemnity is a common feature in those sorts of commercial contracts.

In the case of the NDA's estate, the decision whether to grant a nuclear or other form of indemnity to a contractor is a commercial matter for the NDA. It approaches each competition on a case-by-case basis. If giving indemnity represents good value for money, it will consider giving it on sensible commercial terms—I should like to emphasise that point.

Paul Flynn: Will the Minister give way?

Mr. O'Brien: I have given way already. It is about time that I set out my case to my hon. Friend, because I would like him to listen to one or two things. We have listened to his views at some length, so perhaps he would care to listen to some of my replies to his points.

In the UK, claims relating to third-party damage arising out of nuclear occurrence are exclusively regulated by the Nuclear Installations Act 1965, which implemented the principles long established in the Paris and Brussels conventions on third-party nuclear liability. The NIA restricts compensation claims to personal injury and property damage caused by a nuclear incident in the UK. It also excludes from making claims those who are not UK citizens or from other Paris and Brussels signatory states. The United States is not part of that arrangement.

Therefore, there is an extremely small risk—I emphasise that—of non-eligible victims taking their claims to courts elsewhere, possibly the country of the contractor, such as the United States. The NIA and the Paris convention place a financial cap on the liability of the operator, currently £140 million for standard sites, in return for the acceptance of strict and exclusive liability. Therefore, claimants do not have to prove fault, and all claims are channelled to the operator, not to his supply chains. However, any contractor whose home country is not party to the convention risks unlimited liability if an action is brought in courts in their country, for instance the US. Parties cannot obtain insurance against that. An indemnity was therefore considered appropriate against the risk of such claims arising from a nuclear incident that falls outside the protections of the Nuclear Installations Act and the Paris and Brussels conventions. There are no insurance facilities available for that risk.

I say to my hon. Friend that the matters in question have been dealt with appropriately. I apologise for the error of a junior official in the Department, and he was right to take us to task, but not in the way in which he did. He exaggerated, went way over the top in his condemnations and traduced my right hon. Friend who was seeking to be open with him and other Members, not, as he suggested, to form some sort of cover-up.

Remploy

4.42 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): For the sake of the Minister, whom I welcome to his new role, I should like to state my position. I support the overall movement towards finding suitable employment for disabled people in an inclusive manner and a mainstream setting. However, we are where we are with the historic Remploy set-up. Many workers have been in a protected environment for so long that it is not realistic to expect them all to transfer to new work settings. One of the Remploy workers at Poole had been there for more than 40 years, and a further 10 had been there for between 20 and 35 years. There will always be scope for transitional arrangements and specialised training for both employers and employees.

I have been involved in discussions on the Poole Remploy factory since 2006. In May 2007, it was announced that the factory would be closed and the manufacturing of marine products, including lifejackets, transferred entirely to the Leven factory in Scotland. That was an unfortunate decision, because location-wise, Poole ticks all the boxes. It is close to existing markets, and with the Royal National Lifeboat Institution headquarters in Poole, there was an opportunity to generate many more orders through strong management and leadership. That could also have led to more efficiency in production and better profit margins.

The closure of the Poole factory was at least deferred when in November, the then Secretary of State, the right hon. Member for Neath (Mr. Hain), announced that there would be 15 fewer factory closures, and that the Poole factory would not be closed. For Poole, the challenge was great. New products had to be found and the subsidy per worker reduced to £9,000 by the end of this financial year. It was anticipated that there would be more scope for public procurement to generate additional work for Remploy factories. The Poole site was retained specifically to develop a plan for potential increases in business arising from the new regulations on public procurement. The stated aim was to supply local authorities in the south-west region.

The National Audit Office wrote to me and confirmed that the new public procurement regulations should allow local authorities greater opportunities to contract work to Remploy. I believe that 12 factories in total have the challenge of securing orders from public procurement, and I appreciate that that is at central Government as well as local government level. Indeed, there is already such public procurement by Departments. However, will the explain Minister whether any of those 12 factories has succeeded in getting public procurement from local authorities?

Throughout my tale of woe, I wish to place on record my thanks and admiration for the work of Gerry Starkey and Iain Anderson, Remploy employees who have worked very hard to secure the future of the Poole factory, and Lorraine Sheen, the trade union co-ordinator who returned to the factory to try to keep the show on the road. I also thank the Minister's immediate predecessor, the right hon. Member for Stirling (Mrs. McGuire), who attended to my many questions with courtesy and was supportive throughout the past two and a half years.

Following the then Secretary of State's statement in November 2007, I eventually received a letter from Remploy dated 25 January 2008, basically asking me to participate in a local champions group. I was more than willing to do so, as it was really just an extension of the support that I had already given the factory. The inaugural meeting was supposed to be in February, but despite my best efforts, it did not take place until 14 April. Before the first champions meeting had even taken place, as I said in a Westminster Hall debate in March, machinery was being removed from the Poole factory and the existing orders were coming to an end. Employees were offered increased redundancy pay.

There was uncertainty and bewilderment among the employees, because they did not even know what the new product was and because the factory was being run down. Many accepted a redundancy offer, even though it might not have been in their long-term best interests, as many of them had been at the factory a very long time and were unlikely to be able to adapt to mainstream work. I worry greatly that some of them are now isolated and just sitting at home. At the start of the process, the Poole factory had 43 supported workers. Now it has 19, with varying levels of disability. It used to buzz with activity and happiness, but in recent times it has been depressing to visit, with the remaining workers sitting around with little or nothing to do.

As a local champion, I made contact with an enormous range of organisations in Dorset: the primary care trusts, the police, the fire service, the health service, all the local councils at different levels, the local universities and colleges and the private sector—everybody I could think of. The initial response was really positive, showing a genuine desire to support the factory. The exception was Poole borough council, which did not send a representative to the inaugural champions group meeting. Early on, its chief executive expressed to me the view that it was cruel to the remaining workers to keep the factory open with no work, and that Remploy clearly had an agenda to close it as soon as possible. Some of the other councils have at least referred other business to Gerry Starkey, but no public procurement has been achieved.

Was the new beginning, with public procurement, just a myth? Is the Poole factory being deliberately closed by slow poison? If Poole borough council had given more support, would orders from other local authorities have followed? A reply that I received from the leader of Poole council stated:

> "Both the Council and myself, along with many others, have supported the retention of the Remploy factory and the employment opportunities it provides within the Borough."

Fine words, and indeed councillors from the ruling group joined the march in the town. However, it continued:

> "As I know you are aware, the placing of Contracts by the Borough is strictly governed by law and our own Standing Orders."

How do we interpret that? Maybe the standing orders could have been changed.

I insisted that a meeting take place between Poole borough council and Remploy in August, but as far as I know, there were no productive outcomes. Indeed, the previous Minister reported to me that Remploy had said that it had

> "exhausted all local public sector prospects in Poole and Bournemouth as Remploy's strenuous effort has resulted in no opportunity being offered for them to quote for any of their Local Public Sales services, other than the suggestion that Remploy could respond to tender invitations just like everyone else."

[Annette Brooke]

A further question to the Minister is why the Poole factory was given the task of supplying local authorities in the south-west if it was not possible to have a route into public procurement which did not require entering a full tendering process. Obviously, the work had to be suitable for the work force, which placed a further limitation on seeking orders. I honestly do not know whether the failure to achieve orders from local authorities was because of Poole borough council's lack of co-operation and support, because false hopes were raised by the so-called relaxation of the regulations for public procurement or because other bodies do not want to engage with Remploy because they have a low opinion of the national company. I hope that the Minister can throw some light on that.

In recent times, Gerry and Iain have been able to secure small orders from the private sector, and I was pleased to hear yesterday that the factory is at work doing electrical mechanical assembly. The employees have had some training in that, and there is enough work until Christmas. However, I received a letter from Alan Hill, Remploy's director of enterprise businesses, dated 8 October. He writes that

> "continued employment at Poole depends on winning new business and real evidence in the current financial year on reducing the loss per disabled employee to £10,400"—

a slight discrepancy, but not to worry. He continues:

> "The site was retained in November 2007 in anticipation of increased business arising from new procurement regulations surrounding reserving contracts for supported factories."

John Barrett (Edinburgh, West) (LD): I agree with everything that my hon. Friend has said. Does she agree that local councils must be made aware of their obligations to tender for the high-quality products that are available at Remploy factories? Through the new public procurement procedures, they could themselves be saviours of those factories.

Annette Brooke: I thank my hon. Friend for his intervention. There must be scope for working with councils to understand why Remploy has not secured any orders whatsoever.

Mr. Hill goes on to state:

> "The site has had little or no work for 6 months. The current loss per supported person at Poole is just over £24,500 per annum and the factory has lost £232,000 in the first 6 months of the year. Despite efforts by the local management and sales team we have not been able to secure large quantities of public sector procurement and we have therefore widened the search for opportunities to include the private sector also. Time is short and we are not receiving support from the stakeholders locally to help guarantee the future of the factory. I trust we can rely on you to use your best endeavours."

He can rely on me, but I was so angry when I received that letter that I was determined to secure an Adjournment debate and make the matter public.

Is it surprising that the cost per employee is so high, given that work was taken away from the factory before there was any opportunity to get new work in its place. At least three months were wasted pursuing public procurement. That seems to have been a wild goose chase not of the local factory's making but perhaps caused by central Government and Remploy nationally or by the Poole Conservative-controlled council's failure to give the factory genuine support.

What other business would be operated in such a way? Who would take away the machinery and the product while they think what they might do in the future, employ sales managers to pursue something that seems impossible and then say that losses have risen? Private work is now being secured, and I have other leads which may prove productive; for example, a further meeting is planned with Bournemouth university shortly. However, we have to take on board the fact that we are now in a recession, which may or may not help to secure the type of work for which the factory is looking. There is definitely greater clarity about what can be achieved at a reasonable price and what is unrealistic for our factory.

I say "our factory" because I am passionate about its survival. It has been given an impossible task in the time allowed, given all the delays and lack of forward planning as to how it could get from the starting point to a new and sustainable future. Hard work has almost saved the day, but I suspect that more time is needed. I ask the Minister to consider the vulnerable work force, and how they have been treated over this period. They are not mere loss-makers on a balance sheet but real people who deserve better from the Government and Remploy.

I understand that the Minister cannot give a commitment today about extending the time period, but I would like him to keep in touch with Remploy and ensure that contact is maintained before any decision is made in March. That would be a first step. Clear monitoring and taking on board what a terrible time the workers in Poole have had are necessary. I was sent the report, "Remploy Review: Building on Success in 2008", and I was heartened to read its positive case studies of individuals and Remploy factories, but it is interesting to note the references to public procurement. Bob Warner, the then chief executive, wrote:

> "To make our own businesses successful we must secure more sales to the public sector. We have worked closely with the trade unions to expand sales, but we need continuing support from across the public sector if we are to achieve sustainability for the factory network."

Those are fine words, but meanwhile Poole and the workers are suffering.

Alan Hill wrote:

> "Selling more to the public sector is critical to Remploy's five-year plan particularly as the final modernisation plan included a significantly higher sales target from the public sector to fund the retention of fifteen sites which were identified for closure in the original plan."

Public procurement is vital for several Remploy factories. I myself have written to Government Departments, and if that helps other factories, I am delighted. There is a bit of a problem, as local authorities in my area could not quite grasp the idea that, if they placed an order, the work might not necessarily be completed in Poole. They did not seem to understand that Remploy is a family of factories that specialise in particular lines. Perhaps much more communication is needed.

I believe that there is a future for Remploy in Poole. The factory will be smaller and will probably move to a smaller site. At present, its site is very large. In normal times, it would yield a big return to Remploy. We must take on board the fact that, overall, 40 per cent. of the Remploy work force have mental health and learning difficulties. We have to look after them. I had a vision that we would have a training centre on the site, but I do not think that Remploy was ever very keen on that. There have been talks with existing suppliers of training opportunities but the conclusion is that nothing more is needed. I am not convinced.

There is a second battle after we have secured the future of the factory. I have in my constituency casework on at least three adults with autism or Asperger's. I would like to tell the Minister a little about Sam, who is 23. He has never had a job. He is fed up with being sent off to voluntary placements. Sometimes he cannot access them easily because he does not drive. He wants a real job, and he wants to earn money. He has a girlfriend now. He told me that the adviser at Jobcentre Plus said, "Oh, we can't place people with Asperger's." I know that there is a gap out there. That will be my next mission, once the future of the factory is secured, but, first and foremost, I want to ensure that disabled people in Dorset can really look forward to their future.

4.58 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): I congratulate the hon. Member for Mid-Dorset and North Poole (Annette Brooke) on securing this debate on Remploy and on matters that are important to her constituents. One can have no doubt about her passion and commitment for the people who work at the Remploy factory in Poole in her constituency. I pay tribute to her efforts to secure more work for the site. She referred to what she has been doing with Bournemouth university to help secure more orders for the factory.

Before I address the issue of Remploy and public procurement, it is important to put the debate in context. Many in the House will know that Remploy was established after the second world war to provide work for injured servicemen and women. The aim was to provide development and training through work to enable disabled workers to return to the mainstream employment market.

The combination of new technology and the most far-reaching programme of disability rights legislation in Europe means that we are better able to support disabled people in a mainstream environment and offer them a greater range of employment opportunities. However, I take the hon. Lady's point about her constituent with Asperger's and the advice from Jobcentre Plus. We need to grasp more readily the situation with regard to the benefits and the high level of skills that people on the autistic spectrum have.

I was talking today to officials who had been to America and seen people with Asperger's operating in banks, doing data input work to a level of accuracy that few people could achieve. Those officials saw the benefits of employing such people, as initiated through a state scheme. The employer told our officials that, even if the state withdrew its scheme, which it has no plans to do, it would keep those employees because they are excellent. For example, they had no time off work and the employer saw the level of attendance at work rise throughout the department. Not only are those people excellent workers, but they are an excellent example. I am sorry to digress, but the hon. Lady makes an important point with some passion. I share her determination to see improvement in the situation, because it is relevant to this debate.

Some years ago, the Prime Minister's strategy unit report, "Improving the Life Chances of Disabled People" gave a clear steer away from segregation of disabled people in sheltered factories through its recommendation that the Department

> "should, from 2006 onwards, increase the flexibility of budgets within its current supported employment programmes away from programmes which fail to integrate disabled people in mainstream employment and into programmes which…assist disabled people to progress towards open employment; provide value for money; and fulfil the wider objective of social inclusion",

which the hon. Lady supports, as she mentioned in her opening remarks. That view is shared not just by the hon. Lady, but by the vast majority of disabled people and their organisations.

If no action had been taken, the cost of Remploy's factory provision would have continued to rise to £25,000 per person per year by 2013-14, forcing the Department's annual contribution up to £165 million, some £55 million above the £111 million baseline. The hon. Lady mentioned the desire to reduce the costs to £9,000, which was contained in the original agreement that my right hon. Friend the Member for Neath (Mr. Hain) instituted. That is not to happen by March 2009. I do not know whether the hon. Lady knows that; perhaps she can indicate. The agreement always assumes a five-year programme to get to that level. Clearly, to go from £24,000 or £25,000 down to £9,000 within that time frame would not be achievable.

We have been drawing on and developing experience and the knowledge built up in the factory network. Remploy's employment services are now able to support disabled people into sustainable jobs at a one-off cost of just over £3,500 and that accounts for three quarters of all progressions to unsupported open employment. So it can do it.

The Remploy board was asked to develop a five-year restructuring plan to modernise its business, avoid compulsory redundancies for Remploy's disabled workers, support substantially larger numbers of disabled people into mainstream work and stay within a funding envelope of £555 million over the five years, to ensure that escalating costs do not put at risk funding for other Department for Work and Pensions programmes for disabled people, such as Access to Work and Pathways to Work. I am sure that both the hon. Lady and the hon. Member for Edinburgh, West (John Barrett) support those programmes. Any proposals by the board had to fully protect Remploy's disabled employees from compulsory redundancy. In developing its plan, the Remploy board engaged with a wide range of stakeholders including trade unions, Members of Parliament, the devolved Administrations, disability charities and employer representatives.

Up until the modernisation of the company, Remploy employed about 5,000 disabled people at 83 factory sites. The hon. Lady has mentioned that. That number is down now to 54. The hon. Lady mentioned the review on that number and the 2,900 people.

I shall now discuss the public procurement debate. In his letter, my right hon. Friend the Member for Neath said to the general secretary of GMB, Paul Kenny, in 2007:

> "Remploy's modernisation proposals were dependent on extremely ambitious sales targets, including 130 per cent. increase in public procurement. To meet those targets will require a concerted effort on all sides—Government, management, trade unions, local MPs and other political representatives."

[Jonathan Shaw]

That means all of us: all the above, basically. The UK pressed hard to secure a provision in the new European Union procurement directive, implemented from January 2006, to cover procurements from supported factories and businesses.

John Barrett: Will the Minister give way?

Jonathan Shaw: No, because I need to answer the points raised by the hon. Lady.

My right hon. Friend the Member for Neath wrote to Cabinet colleagues. The Prime Minister has urged all Ministers to do what they can in respect of their Departments exploring procurement. Hon. Members are all aware that most sites rely on local sales. But no factory makes an operating profit and all factories need more business. Some sites rely heavily on local procurement and are struggling to bring the work in. Remploy is now operating its manufacturing business against the backdrop of a difficult economic climate, as the hon. Lady said. Each Member of Parliament with a Remploy factory in their constituency faces a similar, difficult task in securing work for their factory.

The hon. Lady will be aware that we are organising a reception at which we will discuss the procurement programme and look at ways in which we can better secure procurement in a more co-ordinated way. My right hon. Friend the Member for Makerfield (Mr. McCartney) will be presenting some proposals. He has been in discussions with his regional development agency to see how we can join together all the regional development agencies to have a more co-ordinated approach to securing more public procurement. It seems to me, as the Minister coming in and looking afresh at this matter, that there has not been the necessary co-ordination. I have met the trade unions and management at the monitoring and implementation committee, which I chair, and that is the picture that has emerged for me. I have discussed the matter with my right hon. Friend and I hope that his proposals will provide a blueprint and further impetus for us to be able to better secure the work.

The hon. Lady mentioned that some local authorities are worthy and others are less so. She has some strong, harsh words for her borough council, and I am sure that it will have heard what she has said about its willingness to engage, as will the Remploy employees. It is a tall order, and I do not underestimate for a moment the task of bringing in 130 per cent., but it is certainly do-able. How many local authorities know that they do not have to tender for contracts that are under £70,000?

Annette Brooke: Will the Minister give way?

Jonathan Shaw: I will give way, but I have only a few minutes.

Annette Brooke: In my list of champions and at our meetings, I included representatives of the Government office for the south-west and the South West of England Regional Development Agency, but they sat back as though it were someone else's job. How will the Minister make sure that local authorities are aware of their responsibilities, and that they can help?

Jonathan Shaw: The hon. Lady knows that I do not have a lever next to my desk in my ivory Whitehall tower, but between us we can do a better job. That needs better co-ordination of the effort to evangelise and persuade local authorities. She referred to examples of what she has been able to achieve, and she will be an expert in generating her own publicity in her community. If Bournemouth university is going to engage Remploy, hats off to it. I am sure that she will sing its praises from the rooftops of every tall building in Poole.

The approach should be on a number of fronts, and that is the wider public approach, but it needs to be more co-ordinated within the institutions and structures with which the Government have a relationship. I certainly commit myself to doing everything that I can to deliver on that task. It is a tough one, but everyone knew that when they signed up to it, because of the wider policy ambition of using our resources and getting people into mainstream employment.

I must conclude my comments because I am aware of the time, but I thank the hon. Lady for bringing to my attention the concerns of her constituents in the Remploy factory in Poole in the south-west, and I look forward to working with her and other factories to ensure that we secure more by way of public procurement. That is all we want to do. The target is ambitious, but we can go about it in a better way to obtain the work that is so desperately needed for those factories.

Question put and agreed to.

Adjourned accordingly at eleven minutes past Five o'clock.

Westminster Hall

Thursday 20 November 2008

[MISS ANNE BEGG *in the Chair*]

Organ Donation

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mrs. Hodgson.]*

2.30 pm

The Minister of State, Department of Health (Dawn Primarolo): Welcome to the Chair, Miss Begg. Just over 40 years ago, the surgeon Christiaan Barnard performed the first heart transplant on a human. The 55-year-old recipient survived for only 18 days, but the operation was an important medical milestone, showing that transplant surgery was a viable procedure for patients with organ failure. Since then, surgical techniques have moved on enormously in terms of both the range of transplants performed and their success rate. Today, transplant surgery helps thousands of desperately ill patients every year, giving them a new lease of life and new hope for the future against all odds. However, the impact that this miracle of medical science can bring to patients' lives is limited by the fact that the demand for organs far exceeds the supply. Currently, 8,000 patients are on the waiting list for transplants. Of those, 3,000 will eventually receive surgery, but 1,000 will die while waiting for organs to become available and thousands face a long and uncertain future.

That is why my right hon. Friend the Member for Doncaster, Central (Ms Winterton), when she was a Health Minister, set up the organ donation taskforce in 2006 to consider the barriers to organ donation and make recommendations on how they could be overcome. In its first report, published in January, the taskforce made 14 recommendations, all of which were accepted by the Department of Health and its counterparts in Scotland, Wales and Northern Ireland.

One of the key issues to which the taskforce pointed was the need for better donor identification and referral. None of us underestimates what an incredible gift it is to donate one's organs, handing life to a patient on the brink of death. The amazing stories of children, parents and grandparents given new hope and more time with their families and friends are eloquent testimony. Indeed, families of deceased donors frequently say that they have drawn great consolation from the fact that their tragedy led to a happier outcome for someone else.

The problem is that at present, only one in four people are on the donor register. Numbers have trebled since 1997, which shows that we are heading in the right direction, but even so, the gap between those registering for organ donation and the number waiting for a transplant is growing. Why is that happening? We know that there are many misconceptions that discourage people from joining the donor list. For instance, there is a myth that one must be a certain age to become a donor, which is not true. It is also suggested that donors will not receive the same quality of care in hospital, which is frankly an affront to clinicians' ethical conscience. There is also a squeamish belief that organs are removed from dying people while they are still alive. That is not true; it is a myth that stems from the fact that some organs are retrieved, but from people who are dead. A considerable proportion of people, estimated at 90 per cent. of the UK population, say that they support organ donation, yet only 26 per cent. have signed the organ donor register.

Our first priority must be to increase the number of people putting themselves forward as donors. That means exploding some of the myths, making a positive case for organ donation and translating people's good intentions into hard action. Starting a public debate about organ donation is an important end in itself. Since the taskforce reported in January, a further 1 million people have signed up to the register, and the Department is now embarking on a £4.5 million publicity drive with the ambitious aim of getting 20 million people on the register by 2010, working towards 25 million by 2013.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I certainly support what the Minister is saying and what the Government are doing on the matter, but there is one thing that I find curious, and I would be grateful for her reflections. Although more and more people have signed up to the organ donor register—not as many as we would like, but many more—and that graph is going upwards, the number of cadaveric transplants, which is the desired end result, has gone flat. That suggests, curiously, that there is no link between the number of people signing the register and the number of transplants. We need people to sign to prevent the number from falling, but it does not appear to be the solution, for some reason, to the lack of a rise in the number of transplants.

Dawn Primarolo: The hon. Gentleman touches on a number of points addressed by the taskforce in both its reports—I shall return to them briefly in my comments—about arrangements in the health service to ensure that even where the health service is aware that somebody is on the donor register, or where donation has been indicated in discussions with the family and the individual, the system works to its optimum potential. If he will bear with me, I will go on to discuss ways of ensuring that we close the gap that he identified, as well as our response to the taskforce's report on presumed consent.

I know that the hon. Gentleman is knowledgeable, and takes a great deal of interest in the subject. He will be aware that only a tiny proportion of people die in circumstances that could be described, if he will forgive me, as conducive to organ donation. The window of opportunity between a patient's death and the removal of the organ from their body is narrow indeed, and only a tiny proportion of deaths fit the bill every year. That means that we must maximise the chances that the few people who die in the right circumstances, if I can call them that, are willing to donate their organs. That is why the chief medical officer made the case for changing the law to presumed consent, so that clinicians could presume that every patient is happy for their organs to be removed unless they specifically opt out.

Given the seriousness of the organ shortage and the sensitivities and complications surrounding the proposal, the Secretary of State asked the taskforce to consider that question separately as a matter of urgency. I am

[Dawn Primarolo]

grateful for the thoroughness with which the taskforce has responded. Its second report, published this week, emphasised how finely balanced the arguments are, but it argued in the end that donation rates could be optimised without presumed consent: that is, within the current legislation and without the requirement for further legislation.

As part of a large body of evidence, the taskforce carefully examined the situation in Spain, which has the highest donor rate in the world and is frequently cited as proof that presumed consent works. It concluded that Spain's success was due not to presumed consent but to how its medical systems are organised and the unenviable fact that Spain has a high rate of road traffic deaths, which often give rise to circumstances suitable for organ donation. On the back of those findings, the Secretary of State decided that our immediate priorities should be in line with the taskforce's initial recommendations; increasing the number of people on the organ donor register, as I have already mentioned, but also reforming local and national systems so that we can optimise the potential for donation and help as many transplant patients as possible. We have already taken some key steps since the taskforce published its report in January, and I would like to provide a brief progress update on those steps.

First, at a national level, we have a new national clinical director for transplantation and a programme delivery board, which will provide strong leadership and oversee the implementation of the taskforce's recommendations. Secondly, we are strengthening the local work force to help the NHS to increase the number of donors. The NHS blood and transplant service is in the process of increasing the number of national donor transplant co-ordinators by 146 per cent., with 29 new appointments already made. In addition, all trusts have been asked to appoint clinical donation champions and to establish donation committees, to drive through local changes.

Thirdly and finally, we are putting in place local systems and infrastructure to maximise the opportunities for organ donation. That includes online systems to speed up the allocation of donated organs and reimbursing hospitals for the costs associated with organ donations, thereby removing any financial disincentives to transplantation. We must also ensure that the NHS is in a position to cope with the additional organs that will become available for transplant, which is why we are working with the national commissioning group to build a stronger network of organ retrieval teams across the UK. The hon. Member for Oxford, West and Abingdon (Dr. Harris) took part in a programme on this subject on Channel 4, so he will recall that the surgeons from Spain who featured in that programme made particular reference to the fact that the real benefits, and therefore increased donations, came from having those advocates and that system in each hospital.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Last Friday, there was a debate in the House of Lords, in which Lord Crisp, who is a former chief executive of the NHS and a former permanent secretary in the Department of Health, said:

> "To implement the reorganisation of organ donations and transplantation services must be the Department of Health's priority now."—[*Official Report, House of Lords*, 14 November 2008; Vol. 705, c. 846.]

He very much hoped that Ministers in the Department would reaffirm that that reorganisation is their top priority at this stage. Will the Minister comment on that?

Dawn Primarolo: I can certainly confirm for my hon. Friend that it is a top priority. I can also confirm that resources have been made available to ensure that those services are developed, so the Department is moving forward on that issue. Part of that process is about increasing the number of people on the organ donor register, to ensure that access to organs is possible. However, as I have already mentioned, the process is also about investment in the relevant services and about the discussions with the families and patients, regardless of whether or not they are prepared to be a donor, to ensure that that work is done. As I have said, the systems to ensure that referrals work quickly and accurately are also important.

The taskforce predicts that, if we implemented all 14 recommendations from its first report, that could lead to a 50 per cent. increase in organ donation rates within five years. In response to the point made by my hon. Friend, may I say that we intend to implement those recommendations? However, the Department is of the view that, because of our commitments in this priority area, we can do better than that. We would like to see organ donation rates rise from about 800 a year to 1,400 a year by 2013, which would put the UK alongside the countries with the best rates in Europe. Of course, hon. Members should bear in mind the fact that, on average, each donor can help three patients, so such an increase would help an extra 1,800 people a year to receive the transplant that they so desperately need, which would be a considerable achievement.

I do not underestimate, however, the urgency of the situation or the desperate consequences for the thousands of people awaiting transplant surgery if that approach does not yield the improvement that the taskforce expects. It is for that reason that the Secretary of State has made it clear that we intend to keep a very close eye on progress and, if necessary, we will bring more radical solutions to the House, including the prospect of introducing some form of presumed consent. Closing the door on any option means closing the door on patients who are on the very edge of life—patients for whom a transplant represents their last hope—which is why we need to keep an open mind while continuing to make the important reforms that the taskforce has recommended. The lessons for us are quite clear, given the progress that Spain has been able to make. We are determined to turn the situation in the UK around, and I believe that in the years ahead we can achieve a substantial increase both in the number of organs that are made available and, more importantly, in the number of patients whose lives are transformed by transplant surgery.

2.47 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I declare, hopefully alongside all my hon. Friends and other colleagues in the House, that I am on the organ donation register and I have held my organ donor card since 1986. For 10 years before that, I think that it was known as the kidney donor card, before it was expanded to become the broader organ donor card. Interestingly, I was comparing donor cards with my right hon. Friend the Member for North-West Hampshire (Sir George Young) in the Members Tea Room earlier this week, and he informed me that, when he was first elected to the House in 1979, his very first debate was about taking forward the whole donor campaign. He had had his card since 1979 and it still had that date on it, which was pretty impressive.

To discuss organ donation is literally to discuss the question of life and death. The House must recognise that, and I am sure that the whole House will join me in paying tribute to all those people who are donors, whether of blood, plasma or bone marrow, and all those people who are on the organ donation register. The number of people on that register is increasing; 15.8 million people was the last publicly recorded figure, according to NHS transplant data. In particular, we must pay tribute not only to all those people who have given up their organs in death so that others might live but to their friends and families who, in their moment of grief, were prepared to support organ donation. Although all hon. Members will doubtless hold strong opinions on this issue and will seek, quite rightly, to call the Government to account, I have no doubt that this debate will be underpinned in all our minds by the awareness of these selfless acts by hundreds of people across the country.

Many of us will remember the first transplant; indeed, the Minister herself referred to it earlier. It was performed by Dr. Christiaan Barnard in South Africa in 1967. It is one of the very first memories that I have of news on television, along with Churchill's funeral and the first man to step on the moon, events that all took place during those pioneering days of the 1960s. As of today, 7,981 people in Britain are waiting for transplants, but only about 3,000 transplants are carried out each year, tragically leading to the situation in which more than 1,000 people die each year for want of a transplant. The chief medical officer has stated that other people are "dying silently", because doctors know that there is no hope of them receiving treatment, so they are not putting them on the transplant waiting lists. In Britain, we have about 13 donors per million in our population, whereas Spain—the best in the world—has 35 per million.

This issue was last raised in legislative terms during the passage of the Human Tissue Bill in 2004, when the hon. Member for Oxford, West and Abingdon (Dr. Harris) pushed for a system of presumed consent. I dare say that we will hear more from him in a moment. This is an issue of conscience and is therefore free vote territory, certainly for the Opposition. Although I am the Conservative spokesman on health, on this issue, my words today do not constitute a party line on presumed consent. When we voted on introducing presumed consent in 2004, I voted against it, as did the current Prime Minister.

I welcome the debate, which comes after Monday's publication of the expert taskforce's report on presumed consent. The taskforce was commissioned to look into the issue by the Prime Minister in January, following his apparent conversion. In his homiletic article for *The Sunday Telegraph* of 13 January, he said:

> "I want to start a genuine debate".

He also suggested that a move to presumed consent would make us "a more compassionate Britain".

Irrespective of the change of mind that anyone might have had, it was right to refer the matter to an expert panel, which was the better for focusing on evidence rather than other judgments—moral or otherwise. I pay tribute to Elisabeth Buggins and her team for the thorough and thoughtful process that they have undertaken. It is refreshing to see a progression of thinking in the report, from the group having disparate views on the matter to its members reaching broad consensus. Not only were the group's views disparate, but, according to the journalist Michael White's article in *The Guardian* this week:

> "Ministers had been assured that a majority of its members favoured 'presumed consent'".

In paragraph 2.7 of the report, the taskforce crystallised its task as seeking to check "whether the intuitive answer"—presumed consent—"is, in fact, correct."

We cannot escape the fact that this subject touches on people's notions of what is appropriate in death. It also touches on the sanctity and ownership of our bodies, in terms of any form of living will before death, and on the wishes and interests of the next of kin after death. However, the primary hurdle is the evidence as to whether a change in the law would lead to an increase in organ transplants and to universal access to them across the country. The Minister has sought to address that issue. There seems to be no evidence to suggest that that hurdle can be cleared, but the taskforce did not completely write off presumed consent. It noted that it "may deliver real benefits", but the stronger concern, which outweighed that possibility, was that it

> "carries a significant risk of making the current situation worse."

The taskforce ultimately opposed a move to presumed consent at this stage. Its important, objective report is a good basis on which to build policies and decide our direction for the future. It will be interesting to note whether those who do not agree with the report's outcome go to the usual refuge of those who do not like a report—disputing it and asking whether its process was flawed. I shall look forward to that debate.

Ms Gisela Stuart: Will the hon. Gentleman comment on the French experience? They briefly introduced presumed consent, but at that point the numbers dropped dramatically and they had to reverse the legislation.

Mr. O'Brien: I confess that I have not studied that case in detail, so I am not sure whether I could draw any conclusions from that evidence, or whether it is disputed. *[Interruption.]* I have just heard a grumbling from a Member in a sedentary position who might be regarded, in this respect, as the usual suspect. As I hope to show in a moment, we have to be careful not to equate presumed consent with the question of whether access and availability will be improved.

Dr. Evan Harris: I should like to put my grumblings on the record. I questioned whether the point, as it was made by the hon. Member for Birmingham, Edgbaston (Ms Stuart), is correct. In order to assert that it is, one has to look at the figures in the years before and after the change in the law to see whether any other factors were relevant. There was an issue in France, but I believe that it was some years later and was not related to a misapplication of the law. Therefore, I do not think that the case was exactly as she put it.

Mr. O'Brien: I do not for one second suggest that I have knowledge at the same level as the hon. Gentleman, who I know has studied this matter in great detail. That said, where we can get evidence, we must try hard to base many of our judgments on the evidence that can be relied on. Different countries will be configured differently and will have different practices and cultural contexts, but we must try to root ourselves in the available evidence.

It is worth noting from the report that clinicians from intensive care, where the majority of deaths leading to donation occur, were at the forefront of opposing presumed consent. According to the Intensive Care Society, they are pretty evenly split on the question, but those who oppose it do so vehemently. In the words of the report,

> "the strength of feeling among those who are opposed is considerable."

That comment contrasts with the cry of doctors' leaders, such as the British Medical Association, who continue to push the presumed-consent model in the face of evidence from their members. Any movement on the presumed-consent question will have to be predicated on the satisfaction of front-line intensive care professionals regarding their patients' protection and their work. A particular concern is the preservation of patient trust when there are fears about the temptation to harvest organs. I absolutely support the Minister's comments about such suggestions being an affront to doctors. Looking at the issue from the other end of the telescope, we must deal with the fears of those whose ability to feel well-served by medical and health care professionals is based on that element of trust. That is why this issue is so important.

I think that we all want the amount of transplant surgery in the UK to rise to European levels, particularly those in Spain, or to those in America. What is needed is an expansion in the capacity of transplant surgery across the country, which means having trained surgeons and properly equipped support units, keeping organs from degenerating, and having universal coverage by donor transplant co-ordinators, or advocates—that word has been used. Where we do it, we do it well, but it is all too patchy in the UK. Although Spain is prayed in aid, transplant surgery is so widespread there, in so many categories, that the prior consent of the individual or next of kin is established without needing to rely on the presumption of consent. The question then becomes whether presumed consent is the best way of educating a populace about organ donation and convincing them that it is the right thing to do.

The architect of the Spanish system, Professor Rafael Matesanz, has explicitly rejected the argument that legislation provides a solution. He has said:

> "There is no country in the world where there has been sustained improvement after changing the law."

To some degree, that supports the point that the hon. Member for Birmingham, Edgbaston (Ms Stuart) made in her intervention. He argues that it is the comprehensive transplant programme that accounts for Spain's success. I find that argument very convincing.

Spain changed the law to introduce its opt-out scheme in 1979—so there has been plenty of time—but it had no impact until 1989, when the Spanish Government invested in specific training for health care professionals and appointed donor transplant co-ordinators in every intensive care unit. Another opt-out country, Sweden, has fewer organs available for donation than we have in Britain. Equally, the USA has achieved an impressive increase in donor numbers while rejecting any legislative move towards presumed consent. If experts cannot produce evidence that a system of presumed consent would increase the number of transplants, there is no case for changing the law, and we should focus on increasing education and capacity. The report made it clear that a number of other avenues need to be pursued before a move to presumed consent can be entertained.

I hope that my next comments will be taken as being constructive. The Government have performed very poorly on organ donation. Answers to parliamentary questions have revealed that between April 2007 and March 2008, of the 444 hearts that were offered for transplantation, 317 were not accepted because they were damaged or had poor function, or for a reason unrelated to the condition of the heart. Of the 127 hearts retrieved, only three were found to be unsuitable on arrival at the transplant centre. That means that of 444 hearts—that is 444 donor patients, of course, and 444 often very difficult conversations with families in the first throes of grief—only 124 were made use of. That suggests that there is a prior question to consider in trying to increase the number available.

A parliamentary answer of 10 July stated that the Government have no idea how often

> "a donor organ or donor tissue has been available but an intended transplant procedure has not taken place as a result of insufficient intensive care facilities in NHS hospitals in the last three years."—[*Official Report*, 10 July 2008; Vol. 478, c. 1800W.]

Furthermore, the number of viable organs not used for transplant has risen significantly from two in 1997 to 16 last year. That information was in an answer in May. Will the Minister therefore tell the House what has become of the organ care system, which I understand has been piloted at Papworth? Instead of the organs being kept on ice, where they degenerate, they can be kept operating, oxygenated and enriched until they are needed. That has to be a better option, and we know that it works well elsewhere. Why do the Government appear to be dragging their feet on that issue?

More than ever, the January recommendations of the organ donation taskforce need to be progressed so that we can see whether the promised 50 per cent. increase in five years can be delivered. The Government accepted the recommendations in full, although at this stage they have funded only the first year. What commitment can the Minister make to the continued funding of the changes recommended in the first report?

That first report noted:

> "Only a UK-wide service can identify and allocate suitable organs to meet the needs of these patients."

The creation of such a body was its first recommendation. Will the Minister tell the House what changes have been made to the organ donation and transplantation directorate of NHS Blood and Transplant to fulfil that recommendation? The report also advocated the following:

> "Local policies, constructed around national guidelines".

As the Minister well knows, I am loth to suggest any addition to the mass of paperwork foisted on to our NHS by this or any other Government. Has she taken forward the point about local policies constructed around national guidelines? The taskforce also recommended the following:

> "Each Trust should have an identified clinical donation champion and a Trust donation committee".

How many trusts now have that?

The taskforce's recommendation 6 was that donation activity should be reported to the trust board, be part of the regulator's assessment and be available to other trusts as benchmark data. Those data are currently collected through UK Transplant's potential donor audit, although it should focus on conversion rates—getting a new organ in a person—rather than donation rates. I hope that the Minister will take the opportunity to tell us what progress has been made on that.

I turn to costs. Recommendation 8 was about the costs of donation, which are currently borne by the donating hospital and therefore provide a financial disincentive to donation. The taskforce recommended the following:

> "Measures for realistic reimbursement for the costs of donation should be developed".

Again, does the Minister have an answer about whether that has been done? One of the most effective changes that could be made is round-the-clock cover by donor transplant co-ordinators. Recommendation 9 was as follows:

> "Additional co-ordinators, embedded within critical care areas, should be employed to ensure a comprehensive, highly skilled, specialised and robust service."

What progress has been made on that?

There were two recommendations on education. The first was education aimed at clinicians and teams involved in donation, and the second was education for the general public, and specifically the black and minority ethnic population, to raise awareness of donation. Has the Department commissioned research on how best to do that, and when will it report? As with so many areas of health, the need for donor organs is three to four times higher among black and minority ethnic citizens than among the white population, due to higher rates of diabetes and kidney problems. What measure do the Government propose to encourage higher rates of organ donation among those racial groups?

Having looked at the full cycle of organ donation and transplantation, is the Minister aware of a series of errors in the prescribing and dispensing of immunosuppressants used to prevent organ rejection? Those errors have resulted in serious long-term medical consequences for patients. There are currently two immunosuppressant products used post-transplant that have the same active ingredient, but due to their narrow therapeutic indices, they are not freely interchangeable. As with many drugs, they are often prescribed on the basis of the active ingredient. That can lead to inadvertent switching between the two products, which could lead to organ rejection. There are two known cases of that, and a further 36 reports of such inadvertent prescribing or dispensing errors that have, thankfully, had less serious consequences.

The cost of such errors to patients' quality of life is significant, as are the financial costs to the NHS if the immunosuppressant regime is not accurate. A successful kidney transplant allows for a near-normal quality of life, with the cost of immunosuppressant therapy being approximately £5,000 a year. A rejected kidney has a severe impact on the quality of a patient's life, requiring hospitalisation, the loss of an organ and a return to dialysis, at a cost of about £30,000 per annum and the need for retransplantation. Does the Minister agree that urgent attention and guidance is required to ensure that all prescribing and dispensing health care professionals are made clearly aware of the difference between the two products and the need to clarify which they intend a patient to receive, so that those errors are prevented and successful organ transplantations are not put at risk?

The Minister will be aware of the operation reported yesterday to give Claudia Castillo a new trachea using a donated windpipe, stripped and then covered with stem cells from her hip. Although the operation was undertaken in Barcelona, it was scientists at Bristol university who transformed the windpipe, so I am sure that the Minister will be more than familiar with the case. The advantage is that Miss Castillo does not need to use immunosuppressant drugs, because of the presence of her own genetic material in the windpipe. What action can the Government take to progress that technology? Will the Minister continue to urge the research councils and others to maintain and expand their support for it?

It is clear from the taskforce's report that it does not believe at this stage that presumed consent is the best way of achieving the desired outcome—more successful transplants. It is clear also that there is much for the Government to do to raise transplantation rates, and there are questions about their performance to date. The outcome of the report is possibly a touch embarrassing for the Prime Minister, and it is disappointing that he has not seen fit to acknowledge it as the taskforce's evidence-based conclusion. *The Guardian* quotes him as being "dismayed and frustrated". Given that this is a free-vote issue, like every other Member he is of course entitled to his view. But as the expert taskforce that he himself set up has raised serious concerns about adopting a presumed consent regime at this stage, and ahead of trying other avenues, it must be hoped that he will not use his position or the machinery of government to promote his view, and certainly not to save face.

I am a little confused by the disjunction between the Prime Minister's position, which seems to be that he is keen on pushing ahead with presumed consent, and that of the Minister's immediate boss, the Secretary of State for Health. He said the other day that he accepted the taskforce's recommendation

> "that we should aim to raise donation rates without the added complications associated with a change in legislation".—[*Official Report*, 17 November 2008; Vol. 483, c. 6WS.]

I agree wholeheartedly.

Finally, our bodies are our own. They do not belong to the state. The then Health Secretary, the right hon. Member for Airdrie and Shotts (John Reid) said during the 2004 debate that

> "the decision about one's own body should be for the conscience of individual citizens. It is not for this Parliament...to impose on individuals a requisition of their bodies after death for the use of the state."—[*Official Report*, 28 June 2004; Vol. 423, c. 76.]

Donation is and should remain a philanthropic act. It is in that act of shared responsibility that our co-existence as humans is confirmed and our society strengthened. That is not something that should or can be imposed by the state.

3.10 pm

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I declare an interest, as one of the largest transplant centres is part of the University Hospitals Birmingham NHS foundation trust.

The very first question I ever had to answer as a Health Minister in the House of Commons was from Tam Dalyell, who was a great supporter of presumed consent. I remember the Department of Health briefing on why we were not in favour of presumed consent, and the Department has probably remained quite consistent in its approach. One reason I wanted to speak in the debate was that I was slightly worried that we were being too rational. The problem with the debate is not the rational arguments, but the irrational side of the debate. In a sense, we ask about consent at a time when the people concerned are probably past caring, because, with the exception of live kidney donation, whoever gave the consent is dead at that point. The key thing is how we look after the bereaved and the families. The conversation needs to be much wider, by its very nature. We should look at those aspects of the issue more clearly.

The second troubling aspect, which has been touched on, is whether we are focusing on the right thing; I am not sure we are. If I remember my 1999 briefing correctly, when I asked why donations in this country had dropped so much, I was told, "To put it frankly, it is not least because road safety here has improved so much that we do not have sufficient numbers of accidents involving young people arriving in hospital, which means perfect bodies for donation are arriving in the right place." Now those young people survive, which is a very good thing. Someone asked me at that time why the UK was so far ahead of the rest of Europe in kidney transplants. The answer was that those countries had the money to finance dialysis, so they never invested in transplant techniques. I am slightly worried that we will get hooked on the idea that all that matters is increasing the number of live transplants, and we will not pay attention to artificial devices that might bring us to the point of not needing those transplants. They are not the be all and end all; perhaps we are having the wrong debate.

The debate has been going on for decades. To go back to the introduction of the donor register, anyone who wants to have a good look at the subject should consult the record of Friday's debate in the House of Lords on the European Union report on increasing the supply of donor organs. It was a very thoughtful debate and brought out the facts. One thing on which we should do a bit more work is donor matching across Europe. Every time I see a certain constituent of mine on Harborne high street he comes up to me and says, "I owe you my life," because we arranged to go to the Brussels register for him, and a liver, I think, was found for him in a fellow EU country.

There is a rational debate to be had, but I want to focus on the irrational debate. Hon. Members are right; it is a question of whose body it is, anyway. It is not an artificial argument. In *The Daily Telegraph* this week, a piece by Irwin Stelzer was headlined, "Gordon Brown demands money—and organs". Such ideas—the Prime Minister demands your organs—get into political debate. We know that it is nonsense, and the debate should not be in that area, but it is taken there. We have a problem with language. I really think that we should stop talking about organ harvesting, as that gives me the creeps. It becomes difficult when we use language of that kind to engage in debates such as I had last year when the Select Committee on Foreign Affairs went to China and we talked about the human rights record. One of our biggest arguments against the Chinese human rights record is the way in which they clearly streamline executions to happen so that they can harvest organs. They said, "What is your problem? Those people are going to be put to death anyway, so what is the problem with co-ordinating the timing?" We said, "Can't you see it?" and they said, "No, we can't." It is an incredibly emotive debate, not a rational one.

It is right to say that on one level it is an insult to clinicians to assume that they would ever make a clinical decision based on the need for the organ, but the fears, nevertheless, are out there. We need to deal with that. Presumed consent goes to the heart of the relationship between the individual and the state, but also the relationship between the individual and the national health service. That institution has the most enormous good will; and there are other ways around the problem. To draw again on the expertise of the House of Lords, Baroness Finlay talked in her speech about using brain stem death testing as a standard practice that would increase the availability of organs at a time when they could be used properly. She cited the example of practice at Charing Cross hospital, and explained that

> "when the family of the patient are present and they witness the testing, it can help them come to terms with the loss of a loved one and help them understand the process prior to donation."—[*Official Report, House of Lords*, 14 November 2008; Vol. 705, c. 845.]

I know that there is a clinical debate, because I seem to recall that an attempt was made to introduce such practice in a private Member's Bill five or six years ago, and clinical arguments were made both ways. I do not for a moment pretend to understand it, but the core of the matter must be a wider debate. The more publicity we can get—even through today's debate—and the more we bring the issue into the open, the better. There is clearly a quite irrational element to the issue, because whenever the population at large is asked about it, the result is something like 90 per cent. saying they are in favour. However, I think people would like to be asked. The way to overcome the difficulty is by having the necessary conversations earlier on, and as much in the open as possible. Even in Spain, people are asked, by the way; there is no evidence that, even though there is presumed consent there, transplants are ever done without obtaining consent.

We are living in a climate in which few people have faith in large databases, and to know that one's opt-out will be registered somewhere in a large database will not, I think, create confidence. I urge the Minister if possible to take note of the report, which was extremely thoughtful. I pay tribute to Elisabeth Buggins, who is the chair of the strategic health authority in my area. That is another west midlands interest to be declared.

My final thought is that when, many years ago, Bruce Keogh—who is now Sir Bruce Keogh, and is at the Department of Health—was a surgeon in Birmingham, a debate was going on about which transplant centre should be closed, for clinical excellence reasons. I asked him if I could spend a day with him to see a patient through the process, and see what happened. It was an eye-opening experience. I asked him at the end of the day what makes a really good surgeon, and he said it was knowing when not to do something. On this occasion the Government could legislate for presumed consent, but there are many other things we could do that would not break people's trust or break faith, and would give us the desired result. This may be one of those occasions when the wisest thing is not to do it.

3.19 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): It is a pleasure to follow the hon. Member for Birmingham, Edgbaston (Ms Stuart)—I hope to engage with some of her arguments—and the hon. Member for Eddisbury (Mr. O'Brien), who has demonstrated today that his interests go beyond the excellent work that he does in the field of malaria, for which many of us are extremely grateful. His work has been widely recognised.

I thought that it would be appropriate to declare interests at the outset. I co-chair the all-party kidney group, which has members from all parties and does not have a particular line on the issue. The group is supported by the National Kidney Federation, which supports an opt-out system for organ donation. In turn, it is supported in its work with the all-party group by donations from Roche, although the firm has no input into the output, as it were, of the all-party group.

I am also a member of the British Medical Association medical ethics committee, and have been for some years. At the BMA conference in 2000, I proposed a motion calling for the association to support an opt-out system of organ donation based on an ethical imperative and evidence of effectiveness. It was endorsed by the BMA, and since then, the BMA and its ethics committee have campaigned for an opt-out system of organ donation together with all the other things, because it is not an either/or situation. There is complete consensus about things that must be done. In 2002, I proposed a motion at the Liberal Democrat party conference, which is an unusual beast because policy is made on the basis of representatives' votes. It has been Liberal Democrat policy since then to support an opt-out system for organ donation, although with a free vote for parliamentarians.

The issue should, of course, be subject to a free vote. I will come on to express my views on the Government's current position, but I would like the Minister to give an undertaking that if they decide in future to recommend a move to an opt-out system or that Parliament should have the opportunity to decide—of course Parliament can seek to take that opportunity whenever a suitable occasion arises, although the Government are perfectly entitled to give their view as forcefully as they like; I have not noticed the Department of Health holding back from giving its view on such issues—there should be a free vote for MPs. I hope that that will be accepted in this case.

As the hon. Member for Eddisbury said, I proposed an amendment, with cross-party support, to the Human Tissue Bill in, I believe, 2003. The Bill became the Human Tissue Act 2004. It was disappointing that the hon. Member for Ealing, North (Stephen Pound) was reported in *The Independent* as saying that MPs had been told that they would be whipped into the No Lobby on the Monday. I fear that either the Prime Minister has changed his mind, which I welcome, or he has not changed his mind but was whipped into the No Lobby on the amendment, which I would regret. Of course, he does not need me to look after his interests, particularly now.

I shall make the case for an opt-out system, and I wish to pay tribute to some of the parliamentarians who have supported it in the past: Tam Dalyell, who was mentioned by the hon. Member for Birmingham, Edgbaston; the right hon. and learned Member for Rushcliffe (Mr. Clarke); the hon. Members for Mitcham and Morden (Siobhain McDonagh) and for Broxtowe (Dr. Palmer); the hon. Member for Ealing, North, who won a "Today" programme listeners' poll on the subject and threw himself into the campaign; and the Prime Minister, who it would appear had the courage to consider the advice of the chief medical officer and say that he had changed his mind.

Because of my position on the all-party kidney group, I attend meetings of the Kidney Alliance, which represents all the organisations that have an interest in renal affairs. It does not take a particular line, and it has agreed that it will not rule out opt-out, but it wants all the things that are the subject of consensus to be introduced first, or at least at the same time.

Ms Gisela Stuart: Will the hon. Gentleman accept that a different argument could be made for kidney transplants, as it is possible to have a live transplant of one kidney? There was an attempt in the House of Lords to introduce a transplant Bill that applied just to kidneys. The argument for such transplants is slightly different.

Dr. Harris: I did not understand why the House of Lords Bill was restricted to kidneys. I looked into the matter but could not understand it. It was something to do with one kidney but it did not make sense ethically or practically.

Obviously, we are talking about cadaveric donation, but there is the opportunity for live donation for a series of solid organs, most commonly kidneys. I believe that there is broad consensus about the efforts that need to be made to increase such donation. Indeed, there have been changes in the past few years that enabled live donation—for example, of a kidney—to go ahead, and we have seen the advent of things such as domino donation and altruistic donation. They are not as straightforward—these things are never completely straightforward—as a donation from a family member, but it is now at least possible for people who are unrelated and do not know the recipient to donate organs, although the numbers of those who do so are small.

I have always thought it peculiar that it was more difficult for someone who could not be coerced by the family to give their organs. It was more difficult, if not impossible, for someone who was doing it purely altruistically to donate. In fact, there were greater restrictions on people who were not related than there were on people who were related, yet coercion can occur in families on all kinds of issues. I am sure that we can all think of how arms have been twisted in our own families on more trivial matters, but on such serious things, there is a feeling that one has to help.

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Changes were put in place, and there has been an improvement in the number of live donations. Clearly, that is within the remit of this debate. I welcome those changes, but I do not think that anyone is arguing that that in itself will solve the problem—for hearts, for which it is not possible, for lungs and livers, for which it is extremely difficult, or, indeed, for kidneys—even if the maximum number of donations were obtained. There is active debate on the subject in the Kidney Alliance and the renal community.

I would like to take the opportunity to pay tribute to Chris Rudge, the Department's transplants tsar, who may be listening to this debate. He has done an enormous amount in his current job and in previous jobs to promote all the issues, even though he recognises, I am sure, that there is not full agreement, and that good people can have different views on opt-out. I had not realised that I would have so much time in this debate. I reassure hon. Members that I will not seek to fill out the available time, although it is tempting and I could. *[Interruption.]* I accept those sedentary comments. However, I do have an opportunity, with the permission of the House, to go into some detail on the taskforce report on opt-out. I hope that I will not overdo it.

Several things need to be said about opt-out. I am now of the view that "presumed consent" is the wrong terminology, from whichever direction one comes. It is the wrong terminology for several reasons, which I shall not go into—indeed, they are set out in an important part of the report. Although I do not speak for the BMA on this matter, it will probably seek to engage with the Government on changing the wording. We are not talking about a consented thing. There is not consent under the current system. It is an authorisation, and that is why Scotland—as I always say, "as so often"—has got it right. This is an authorisation process; it is not consent. It is not possible for relatives to give consent, let alone informed consent, for someone who is dead. They do not have ownership or the right to do that.

What they can do under the current system is authorise—they are invited to authorise. An opt-out system would have default authorisation. It is much healthier to get away from the use of "consent", popular though it was when the Human Tissue Act 2004 was going through Parliament, because we were talking about events in Bristol and Alder Hey in which consent was the issue and consenting processes had not been adequate. However, I never argued, and other people should not have argued during the passage of that Bill, that we were talking about an issue of consent.

It is important to stress that the current system is not one of informed consent. Therefore, no one is proposing to move from a system of informed consent to one of non-informed consent or presumed consent. Under the current system, even if someone puts their name on the organ donor register, there is no record of the basis on which they do so. When people sign a consent form for an operation, under best medical practice there are clear professional guidelines and doctors have a duty to ensure that the consent is valid and appropriate. We do not know on the basis of what information people choose to have a donor card or put themselves on the organ donor register. Putting their name on the register is an indication of their preference. It is wrong to imply that that is informed consent, when we do not even require informed consent in the American sense in normal medical practice. We require appropriate consent. Consent is a process, and the amount of information that patients want will vary from case to case. For that reason, it is wrong to call the process of registering on the organ donor register "informed consent". If it is informed consent, it is hard to understand why relatives are invited to veto that, as they are, for practical reasons.

Mr. Stephen O'Brien: The hon. Gentleman makes an interesting point. I have looked at my donor card, which has the word "donor" on it, but neither "consent" nor "authorisation". It simply says

> "I request that after my death"—

it is a request by those who are living—and that is it. Of course, the strapline is,

> "I would like to help someone to live after my death."

Is that consent or authorisation, or simply a request?

Dr. Harris: Indeed. I hope that there is broad consensus in the House—or at least among right hon. and hon. Members in the Chamber today—that we can change the terms. There is clearly a difference between an authorisation being an opt-in or an opt-out. I am not seeking to change the terms of the debate. There is clearly a difference. The issue is what the default position should be.

Why should one support an opt-out system, and what factors are necessary in order to do so? It has been suggested that it would have to work for it to be the right thing to do. I do not think that that is the case. I happen to think that it would work. However, we would never know; we would have to look at what the evidence suggested. There is good evidence that it would work, and I will say later why I do not agree with all the conclusions of the taskforce report. But that is not the only issue.

What is the right thing to do? There is an argument in principle, which I accept must be countered by practical arguments, because even if an opt-out system was ethically right in principle, if there were risks in pursuing that and we did not have the evidence that it would work, those would be good arguments for not going with the principle. However, I feel strongly that the default position should be to save lives. I am not happy with a system in which the default position is not to use organs that could be used because someone has not specified that they do not want them used. It is wrong to allow so many organs to be buried or cremated with their owners when those people would not have objected to the saving of lives.

The default situation at the moment means that people die while waiting. With an opt-out, whatever the other arguments, it has to be recognised that the default—the do-nothing position—is saving lives. Then one gives people an opportunity to express their autonomy by withdrawing that authorisation and opting out. The moral arguments for moving to that position are strong and, if they were the only arguments I would say that they were irresistible. I was disappointed not to see that discussion in the summary report, although it may be in one of the 447 pages of annexes, of which I have only read a couple of hundred so far. They are not available in print, so I had to print them off or read them online. I regret that that issue was not raised in the summary report.

The other question is, does an opt-out system work? I was surprised by the conclusions in the summary report, which said that it did not work, because I remember seeing good evidence that it did. So I went to the systematic review, which is a process that I strongly commend. There is nothing methodologically wrong in seeking a systematic review of the methodology of published peer-reviewed papers on the subject. Opinion can be safely excluded. There are plenty of opinions published in review articles on both sides of the argument, including a number by Dr. Matesanz, who is cited many times in the summary report. But opinions do not pass muster in a systematic review of the evidence. So his opinion that it does not work is, like my opinion, discounted when looking at the evidence.

The summary set out clearly the inclusion criteria for the studies that were considered. It explains what are good methodologies and what it is hoped that studies would comply with and then it analyses which studies do comply. It lists the studies that are excluded and included. Some of the studies are between-country studies, trying to control for all the factors that vary between them, including road traffic accident rates, to see if there is a difference that can be aligned with an opt-out system, compared to countries with an opt-in system.

Then there are in-country studies, where the rates of organ donation are looked at before and after a change in the system. The summary says this, on page 33 of annex N, paragraph 3.3.3, in respect of the between-country trials:

> "Of the eight studies that investigated the impact of presumed consent law on donation rates by comparing data from different countries, four had no major methodological flaws and a sufficiently robust analysis to provide reliable results. However these are not experimental studies"—

clearly—

> "and any relationship between organ donation rates and presumed consent (or other factors) is one of association only and not cause and effect."

In other words, such studies are a clue, but one cannot say that something is definitely so, although if one has tried to adjust for confounding factors, they are informative. The summary continues:

> "All four studies use regression analysis on national data from between 17 and 34 mainly European countries. Three of these studies found that presumed consent was statistically significantly associated with increased rates of organ donation."

Three out of four found that association after a regression analysis and found that it was significant. It continued:

> "One study reported that a presumed consent regime provided additional donors, but this result was not statistically significant."

So it does not go the other way. It was not three versus one; it was three versus nought and one with no comment. The summary said:

> "The estimates of the magnitude of the effect of presumed consent varied. Two studies reported an approximately 20-30 per cent. increase in organ donors, and the other studies reported increases of 2.7 and 6.1 donors"

per million population. The summary concludes, without saying much else in between, I have to say:

> "Thus, although overall the evidence suggests that presumed consent law is associated with increased organ donation rates; there are also other important factors that are associated with the variation in organ donation rates between countries."

I do not disagree with that. I have never argued that it would close the gap. I looked at all the papers that the review looked at before it looked at them—I have them here in a fat file—and came to the same conclusion. I find it curious that the summary report does not seem to reflect that conclusion on the between-country studies.

It is important to look at the between-country studies—the before and after studies. The overall conclusions say:

> "Taking the limitations of the included studies into consideration, the summarised findings are…The between country comparison studies overall point to presumed consent law being associated with increased organ donation rates (even when other factors are accounted for) though it cannot be inferred from this that the introduction of presumed consent legislation per se leads to an increase in donation rates. The before and after studies"—

I cannot find the details at the moment—

> "suggest an increase in donation rates following the introduction of presumed consent legislation, however it is not possible to rule out the influence of other factors on donation rates."

Even the before and after studies show exactly the same conclusion.

Those are the two sorts of study that the evidence group examined, and that is all that anyone will ever get from such studies. A prospective controlled study cannot be carried out experimentally; any study must be observational with a control for confounding factors. I cannot understand how that was translated into the summary report in the way that it was, and I should be grateful if the Minister commented on that.

The between-country studies are interesting. Belgium is the key country, because it introduced a soft system of opt-out, which is what is being proposed for this country. What Austria does is not as directly relevant to the debate in this country. Two studies in Belgium found a significant increase in organ donation, and they show that that was sustained. I do not understand why Dr. Matesanz—I understand why the hon. Member for Eddisbury quoted him—said that he did not know of any country where increased organ donation rates were sustained after the change of law to an opt-out system, when it is clear from the taskforce's figures and the studies that it reports that Belgium is one such country.

I am not saying that that is clear evidence or proof that that resulted from presumed consent or opt-out, but Dr. Matesanz made a different point, and it cannot be sustained. That is why opinion should not be given the same weight as published studies. Time and again in the report, the opinion of one person from Spain is cited over and above the summary of the evidence from the systematic review. Given what I have just said about sustained rates of donation, one problem with opinions—I say the same about my opinion—is that they are not as valuable as studies. I am sure that if Dr. Matesanz went through what I have said, he would be able to pick holes in it.

The studies conclude that the system works in Belgium, although cause and effect cannot be proved. However, we must consider something that was not studied. Antwerp did not introduce the soft opt-out system, even though the rest of the country did so, and Belgium changed the law. The hospital in Antwerp found that there was no increase in organ donation, which suggests that it was the change in the law and the operation of that change that made the difference, not simply a national publicity campaign that was associated with the change. If presumed

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consent is introduced, the donation rate may increase because of all the fuss, public debate and information, and that would be welcome. But Antwerp was not cut off from the national media, or from the parliamentary and media debate, or from information campaigns. It just did not operate the system, and it did not get the change. That is powerful evidence, but it was not included because it was observed and was not part of a study. There is therefore even more evidence for what I am saying.

Turning to the taskforce's report, I should like to make a few comments on its approach. This is not a criticism of any individual—and I regret that because we are having this debate so soon after publication, I have not had a chance to write to the taskforce, but I intend to do so—as I admire and know many of those who serve on the taskforce, but some of the things they say are strange. Paragraph 1.15 says:

> "The systematic review of research evidence commissioned by the Taskforce revealed an apparent correlation between high donation rates and opt out systems in countries around the world."

That was the least it could say, because that is what the study showed. The systematic review could have shown something else, and it if had shown, or suggested, that the system did not work, it would have made that clear. It continued:

> "However, the reviewers found that presumed consent alone does not explain the variation in organ donation rates between the different countries"

that is a statement of the obvious—

> "Many other factors affect donation rates."

That, too, is a statement of the obvious. However, it is not a rebuttal of the main finding, but it reads as if it is. We know that all sorts of factors are involved, but the systematic review suggests that opt-out works.

Paragraph 1.9 of the report—and the hon. Member for Birmingham, Edgbaston raised this—says that

> "some intensive care staff in particular fear that a move to an opt out system would make critical care more difficult and could lead to some intensive care practitioners themselves opting out of participation in donation programmes."

Some people may have said that, but I do not think that there is a shred of hard evidence that doctors would stop doing their job on the basis of their personal views. Plenty of intensivists think that giving relatives the chance to veto a donor card or registration is outrageous, but nevertheless they go along with their duty as a doctor. I cannot believe that doctors would stop doing their job. No one is suggesting that under the soft system of opt-out, relatives would not be approached if there was an unregistered opt-out. I am surprised that that was thought to be such an important assertion that it was included in the summary report without the opposite view that some intensivists are less enthusiastic about the system that they operate at the moment.

Paragraph 1.10 says:

> "The working group considering clinical implications also heard powerful evidence"—

I emphasise those words, as the systematic review was not called powerful evidence—

> "from recipients of organs who stressed their need to know that organs had been freely given by donors and their families, and from donor families who often find great comfort in being an active part of the decision to donate."

I pay tribute to the families who have given permission, and I have the utmost respect for patients who have received an organ: I wish them well. During my clinical years, I worked to improve their welfare, and I have devoted a considerable amount of parliamentary time to that, too. However, if we ask someone who has successfully received an organ under the current system whether they believe that that system works, and they say yes, that is not surprising. Canvassing an unbiased sample of people for their opinion would make any conclusions truly powerful, but that would mean asking the relatives of people who did not receive an organ and who died as a result. Obviously, one cannot ask dead people what they think about the fact that they died for want of an organ that a donor would want them to have—the donor's relatives, however, refused to give consent—because, I would argue, we have an opt-in system, and not an opt-out system, so the organs were lost because they were buried or cremated. However, it does not appear from the summary report that the relatives of such people were sought out. I allege that those people are the losers—and they would claim the same—under the current system, because we do not have the increased donation rate that the systematic review suggested might result from opt-out. I do not understand why the taskforce did not do that, unless it sought to gather evidence solely to back a certain opinion.

The taskforce asked relatives who had said yes what they thought about having a chance to do so. They naturally said that they valued that opportunity, and the fact that at the time of their bereavement they could make a decision to give life to someone else. That can be comforting—I do not deny that, and there is research evidence to suggest that that is the truth. However, I cannot find any evidence in the summary report to suggest that people who said no were approached. We know that 40 per cent. of relatives consistently say no despite the fact that—as the hon. Member for Birmingham, Edgbaston and others have said—only 10 to 15 per cent. of people would want their relatives to say no. I do not believe that every time that 40 per cent. see a newspaper, television or soap opera storyline about the fact that the lives of three people per patient can be saved and transformed by an organ donation, they do not regret saying no for understandable reasons at a time of grief. Were those people sought out and asked whether the current system left them in a bad position? I cannot find evidence from the summary report that they were. Will the Minister reflect on whether that was done and, if it was not, whether the report and evidence base is appropriately balanced?

Paragraph 1.12 of the report states:

> "We heard support from members of the public and patients' groups for the principle of informed consent".

The ethics committee clearly specifies that it is not informed consent. Unfortunately, in chapter 1 of the report, the taskforce does not point out that that is the wrong question to ask people. I support informed consent when it is appropriate, but I do not support relatives guessing what authorisation they should give at the cost of other people's lives.

Paragraph 1.13 of the report refers to faith leaders:

> "some faith leaders we spoke to warned of the potential for provoking anti-donation feelings and even active anti-donation campaigning."

There is no evidence—most faiths support organ donation—that any faith would overturn its principles and say from the pulpit that because saving lives is now the default position everyone should opt out. The report does not suggest that faith leaders said such a thing; it is just a remark. In fact, we know from campaigns against animal research that having an active campaign provides the opportunity to put the merits of the issue—it raises the profile of the cause and is educative.

Finally, in my critique of the report, I want to draw attention to a bias. The report states that the taskforce is concerned—and I recognise this concern—that, under an opt-out system, some people may not want to donate, but would be too apathetic or disorganised to opt out. I do not think that the taskforce means that in a judgmental way, but those are the terms that it uses. Such people might suffer a loss of autonomy if their organs were used because they had not registered an opt-out or informed their families—under a soft system the families would be asked if there was an unregistered opt-out—of their decision. There would be a risk of a loss of autonomy, and if there were a small number of such people, that would be a negative thing. I accept that.

That is not the only question. There is no mention in the summary report of a second loss of autonomy which is even greater and costs lives. The first loss of autonomy that I mentioned saves lives: on the one hand, there is a loss of autonomy but, on the other, lives are saved. I would like to put on the record the fact that that may well be a price worth paying under an opt-out system. What about the people who, like me, under the current system, value the opportunity for our organs to be used after death and do not like the fact that someone could be asked, "What do you think?" In addition, what about the all people who, unlike me, are too apathetic or disorganised to get themselves on the organ donor register—I exclude the hon. Member for Eddisbury from that, because he has brandished his donor card—but who would want their organs to be used? Up to 40 per cent. of people—not just a handful—would find, looking down on us, that their organs were not used. That is a loss of autonomy far greater than the one feared under the opt-out system, and it costs lives. That is not mentioned in the summary report.

I cannot understand why the report does not take a balanced view of all three of the issues I have mentioned. I feel strongly about this issue, because so many people die while waiting for organs that one expects the taskforce in the summary report at least—the matter may be mentioned in the annexes—to ensure that its sample and consideration is not biased. I do not think that any of the individuals on the taskforce were biased, but I think that there was a loss of overview on those points. As I have not had a chance to talk to the taskforce, if it writes to me and says that I am wrong on some of those points, I would put it on the record, that I would regret that I misrepresented the matter.

We have heard that the Government's plan is to wait and see if their existing proposals work, and I wish them well. Despite the drawbacks of the report, it is difficult for me to argue while on drug classification and other things, the Government should take the advice of their expert advisers, they should not heed the advice of their expert advisers in this case. However, as I have said, I caveat that with some questions about their methods. It is understandable that the Government are going to wait and see. I cannot speak for other organisations and I do not necessarily speak for my party, but, personally, I accept that we will now have to wait for an opportunity to debate the matter again and have a free vote on it.

I wish the Government well in their efforts, but, sadly, I do not think that we can be optimistic about getting the 50 per cent. increase in donor rates. Some 10 years ago, I introduced a private Member's Bill on the matter and was told, "There are a number of things happening, so just wait and see. We're going to do our best." The Government did do their best, but there has been no change. After the Human Tissue Act 2004, we were told, "Just wait and see; a significant improvement will occur by these means." So far, that significant improvement has not been made, although there have been improvements in some areas.

The National Kidney Federation and the all-party kidney group produced a transplant manifesto, which the Government welcomed. Short of opt-out, the manifesto requested a number of things that are being implemented as, indeed, are the recommendations from the taskforce's first report. I am not confident that even if those proposals were implemented, they would significantly increase the number of organs available. The limiting factor is not capacity in the system at the moment; it is the relative refusal rate of 40 per cent. No matter how many organ donor retrieval teams there are or how many transplant surgeons there are, there will not be an increase in cadaveric organs while there is a relative refusal rate of 40 per cent.

In Spain, they do both. They have an opt-out system, and then they layer on all the other things we are planning to implement. I hope I am wrong and that layering on these things without an opt-out system will bring down the relative refusal rate because there will be transplant co-ordinators who will do it better. However, I think intensivists are doing a good job already. The prospective donor audit has shown the 40 per cent. threshold to be stubborn—a little bit of progress has been made—because the question is different. Under an opt-out system, people would say to relatives, "From the register, there's no reason to believe that your loved one did not want to save lives with their organs. Do you know of any unregistered opt-out, otherwise we plan to save lives with these organs?" Under the current system, people have to say to relatives who are at the height of their grief, "Can we have permission to take organs from this body? We don't know what they would have wanted." Relatives naturally go with the status quo. Studies show that relatives cite views such as, "Surely he's suffered enough. We don't really want the body interfered with." That is entirely understandable. However, it is cruel to put the question to relatives in those terms. Those who speak to the relatives do not want to put pressure on them or put them under duress by mentioning that there are other grieving relatives who are watching someone who needs that organ die. I understand that view, but while we have these systems, we will have a problem. Elizabeth Ward, who invented the kidney donor card, has long supported an opt-out, even though it would sideline her creation. We ought to bear that in mind.

I mentioned another concern in an intervention: strangely enough, getting more people on the organ donor register, has not made any difference in the past. One would think that if relatives were told that their loved one is on

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the organ donor register, it would have an impact. However, it does not seem to have done so, unless it has maintained the donation rate, which would otherwise drop. Although I hope that people will sign the organ donor register and discuss it with their families, I remain concerned that that will not resolve the problem. People have asked me whether the 15 million names on the register are really 15 million different people. What is the quality of that data? Efforts have been made to "clean" the data, and perhaps that will show a drop in numbers if it truly works. However, I cannot believe that a quarter of the relevant population is on the register. Relatives hardly ever refuse to give consent when they know of a registration or a donor card, but yet the number is still 40 per cent. It just does not add up, and I have never understood why that is the case.

In conclusion, I welcome the debate, but I regret the fact that so few hon. Members have attended it—there are all sorts of priorities on their time at this point in the year. However, at least we have had the debate, and I am grateful to the Minister for the way in which she introduced it. I have enormous respect for the way in which the Prime Minister and the former chief medical officer were prepared to say that, on the basis of the evidence, their previously held view was not the right one. We should have more of that in politics and we should not criticise as a U-turn something that we have called for. I am grateful for the way in which the hon. Member for Eddisbury put his side of the argument. I know that he takes a different view, but I hope that he will agree that when this returns to the House, it must be given a free vote. This is not something that can be easily included in party manifestos to justify a Whip, nor is it something that will persuade those of us with strong views either way to obey a party position.

4.1 pm

Dawn Primarolo: I would like to respond to the points raised and I thank hon. Members for their measured and thoughtful contributions to what we all find a challenging and finely balanced debate. I start by reminding colleagues that the number of possible donors each year is between 2,000 to 3,000 people. That number is getting smaller because, thankfully, we continue to see a reduction in deaths from accidents—especially road accidents—and strokes. Increasingly, there is better care for patients with major brain injuries.

We have looked at various issues addressed by the taskforce. The hon. Member for Oxford, West and Abingdon (Dr. Harris) asked about balance and posed the question of what should come first—opt-out and then reforms, reforms and then opt-out, or a combination of both. It is worth noting that Spain had an opt-out system for 10 years from 1979 without any significant effect on the rate of donations. Significant changes in Spanish donation rates occurred only after the introduction of infrastructural and other changes in 1989—changes on which the taskforce based its recommendations in the first report.

I will come to the question about the point of the kidney card, the donor card and the register, but first I want to comment on that figure of 40 per cent. for families who refuse consent, which was also mentioned by the hon. Member for Oxford, West and Abingdon. When families are aware that their relative wanted to be a donor and had registered on the system, 90 per cent. agree with donation. That takes us back to the point made by my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) about the importance of focusing on the bereaved families and trying to be understanding of them.

I tried to clarify this issue during the debate. Yes, there was the old donor card, but as hon. Members have mentioned, under the Human Tissue Act 2004 that requires lawful consent. Where that lawful consent exists—the hon. Member for Oxford, West and Abingdon referred to a figure of 40 per cent.—there can be an override, not in law but in practice. Because the support of the family is needed to get the appropriate medical and social history, in practice, clinicians will not proceed. That is not a matter of law; they will not proceed in the face of strong family opposition. Therefore, it is not as simple as stating the case one way or the other. Like other hon. Members in the Chamber, I have held various donor cards. I am on the register and, should a tragic event ever occur, I have taken the precaution of making my wishes absolutely clear—as has my husband, who is also registered—and those wishes are to be adhered to.

There are ways of proceeding but it is not a straightforward issue. From international evidence, we know that two crucial things are needed for delivering consent. As well as making the donor's intentions known, we must have a fully trained professional work force to ask the relatives for consent, and we must ensure that the family have as much time as they require. The taskforce made those recommendations and both are being delivered on. That is crucial.

Dr. Evan Harris: Will the Minister give way?

Dawn Primarolo: I will deal with the next point and then I will be happy to give way to the hon. Gentleman. He raised a question regarding presumed consent or opt-out, and informed consent. I agree that opt-out is a better term, and that is what we should concentrate on. He went on to say that doctors would not themselves opt out; well actually, they do, because they are not happy with aspects of the current law. That is not because it is not clear enough, but because of the other support that is required. Those factors are all closely interwoven.

In response to the taskforce, the Government have looked at all the arrangements and the points that were identified regarding what needs to be done in the system, and I will return to those briefly. We must ensure that we get people on the register and provide the sort of work and interaction that is necessary in the hospitals—particularly regarding relatives—to follow that through.

The hon. Gentleman raised an interesting point about asking those families who had said no whether they felt the same retrospectively, particularly after being informed about what might have happened had they given consent. That is a terrible thing—before I became a Member of the House I researched this subject, and I remember thinking that it was such a difficult thing to do. The hon. Gentleman knows that the subject is extremely difficult, and is probably aware that Dr. Maggie—

Dr. Harris: Maggie Spue.

Dawn Primarolo: Thank you. Dr. Maggie Spue has published some limited information on that. He will be pleased to hear that she will be joining the Department of Health research group to undertake further research in that area.

Towards the end of his remarks, the hon. Gentleman said that we would never achieve anything without opt-out. To paraphrase, he said that "The Government are pursuing a policy of wait and see." That is not true. The Government are pursuing a policy of making the changes now, as rapidly as possible, with the finance—I will come on to answer the questions asked by the hon. Member for Eddisbury (Mr. O'Brien) about what that is—and of keeping progress under review, because of the important points that the hon. Member for Oxford, West and Abingdon made about the people who die without an organ being donated. We are not closing off any option. This is a very difficult situation. What comes first? Actually, it is not a question of what comes first. Intensive work is needed, particularly in hospitals with clinicians and families.

Dr. Harris: When I said, "Wait and see", I did not mean, "Wait, do nothing and see." I said to do all these things and then have a watching brief, as the Minister has said. We are at one on that. I did not criticise it. May I take her back to the relative refusal rate and the register? Could she help me with the mathematics of this? We know that only 10 per cent. of relatives refuse when someone is on the organ donor register, but otherwise a total of 40 per cent. refuse. How is it that the relative refusal rate was 40 per cent. when 5 million were on the register and it is still overall 40 per cent. when 15 million are on the register? Surely, for those 15 million, the 10 per cent. figure should operate, which should bring the average down. I cannot understand how that works and why the increased registrations are not leading to a significantly reduced overall relative refusal rate.

Dawn Primarolo: I can say to the hon. Gentleman that the situation is improving and I am happy to write to him to give him an explanation with regard to the figures that he is using, the timeframe, 1992 and the arrangements in that respect. We are seeing progress, but let us be clear; let us not understate the challenge that we face. In particular, the public debate needs to continue on why people should be on the register and why they should make it clear that they are on the register. There needs to be greater understanding generally of the importance of that for individuals and their families, should they find themselves in this position.

The taskforce set out clear recommendations. I thought that I had covered them, but I am happy to repeat them briefly for the record. The hon. Member for Eddisbury wanted to know exactly what we had done. There were clear recommendations: first, on identifying all potential donors and increasing the number on the register; secondly, on how to develop stronger local systems to optimise donations from both living and deceased patients; and thirdly, on how we can strengthen the organ retrieval arrangements throughout the country to ensure that we maximise every possible opportunity.

I said in my opening remarks that new funding was available. That is £11 million in 2008-09 to support the implementation of the taskforce recommendations. Many of the financial disincentives that were in the system have been removed—I referred to that in my speech—and we are continuing that process. That includes reimbursement of costs associated with organ donation. I also referred to the efficiency of having electronic donor registration and an online system, which would speed up allocation.

I said that we were expanding the organ donation work force, that the Department of Health had a national clinical director for transplantation to drive forward the recommendations, that recruitment was under way to increase the number of national transplant co-ordinators by 146 per cent. and that 29 new appointments had already been made. I pointed out that we were arranging for there to be clinical donation champions and that they would have leave to bring forward changes at local level. I also talked about extra funding of £4.5 million for publicity aimed at getting more donors and more awareness of organ donation. We are making progress in relation to all the recommendations and our commitment is underlined by finance.

The hon. Member for Eddisbury also asked about the black and minority ethnic community and said that we needed to do more in that area. I agree. The national health service blood and transplant service is funding a two-year study now to examine the reasons why individuals make gifts and donations generally and how those findings can be used to increase the rates among the BME communities. There is no obvious barrier in terms of beliefs or ethics, but that study will enable us to make progress.

The national blood and transplant service has undergone a major restructuring in line with recommendations 1 and 2. As we have said, an executive director was in post as of 1 September. Currently, there is capacity within all transplant units to ensure that donated organs are not wasted. In the next five years, the Department will be working actively with national and local commissioners to expand the services. That is a great challenge, particularly in heart and lung transplant services. All the new donor co-ordinators and clinical champions are receiving training. That training includes major workshops that are already in place and making progress.

My right hon. Friend the Prime Minister did not seek to intervene on, influence or steer the taskforce recommendations. All of us keep revisiting the subject of organ donation, for the obvious reasons stated today. The Prime Minister made it clear that he wished to see the debate start and he took great care not to prejudice the question. He has always made it clear that he recognises, as we all do, that this is a sensitive and complex issue, on which people have a wide range of views. Having set up the taskforce and asked it to address the issue and, like the rest of us, accepted that an expert opinion was necessary, he has willingly supported the way forward that has been outlined for us.

I might point out that there were significant amounts of Government funding for stem cell research and the excellent work in my home city of Bristol by a brilliant university. The hon. Member for Eddisbury will know this. The Department will award £1.4 billion to £1.7 billion over the next three years for research and development. That relates particularly to the transformational agenda and translating science into activity. I am delighted, having just seen Royal Assent given to the Human Fertilisation and Embryology Bill, that stem cell research is proving its great relevance.

[Dawn Primarolo]

My hon. Friend the Member for Birmingham, Edgbaston referred to the very important question of the bereaved relatives and how crucial that is to the success of donations. I do not disagree with her at all. There are very good signs in the health service that work is proceeding on that issue. I do not know whether she is aware, for instance, of the success achieved by a team in Bolton, who have increased donor rates sixfold in a year by embedding the discussion about being a donor in the end-of-life care pathway. They received a *Nursing Times* award for the "incredible service" that they provided. Their work shows that supporting families in such difficult times can help them with the decision. My hon. Friend also made points about brain stem death testing being normal practice. That is a key role for the clinical champions, and we intend to have one in every intensive care unit by 2009-10 for precisely those reasons.

With regard to any future votes, the hon. Member for Oxford, West and Abingdon—he always asks me about this and always gets the same answer—knows that that is above my pay grade, and should any discussion take place in the future, I am sure that his representations will be noted, but I am not in a position to predict what will happen.

In conclusion, we all recognise that we have a duty on behalf of the thousands facing an anxious wait and uncertain future on the transplant lists, and that means we have to keep all our options open, so the Department will monitor progress carefully. As I said at the beginning of the debate, if we do not achieve the outcomes that we and all Members participating in the debate are clearly looking for, we will all need to reconsider our approach, and that will have to include the possibility of legislation. For the moment, it is right that we place our trust in the experts, and focus all our attention on implementing their recommendations in full and closing the gap so that those waiting for the donation of organs or tissue receive them.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes past Four o'clock.

Westminster Hall

Tuesday 25 November 2008

[MR. JIM HOOD *in the Chair*]

Fire Services (Hertfordshire)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Ian Austin.]*

9.30 am

Anne Main (St. Albans) (Con): It is a delight to serve under your chairmanship this morning, Mr. Hood.

This debate is about firefighters in Hertfordshire. Many hon. Members from all parties met their local fire officers when the fire officers lobbied Parliament on 13 November. The lobby took place principally to raise concerns about the deaths of firefighters in the UK since 1978, but the fire officers also wanted to discuss operational concerns.

Not all colleagues can participate in this debate. My hon. Friend the Member for Welwyn Hatfield (Grant Shapps) and other hon. Members would have liked to attend, but they have other engagements. Regrettably, my hon. Friend the Member for Hemel Hempstead (Mike Penning) is in Afghanistan with the armed forces parliamentary scheme, but I know that he feels strongly that firefighters in Hertfordshire provide a hugely valuable service. That was never more appreciated than when our brave firefighters tackled the massive explosion at Buncefield, which was the biggest fire in peacetime Europe. He wants me to tell the Minister that he shares the concerns that I will raise today about the pressure facing firefighters.

I am sure that the Minister recognises that those in the fire service who are expected to deliver the service feel a great deal of anger and frustration. Such feelings are also felt by members of the public, who have seen cuts and closures in the name of rationalisation and local efficiencies. I will not address the closures that have impacted on my constituency, because I know that other hon. Members, such as my hon. Friend the Member for Hertsmere (Mr. Clappison), will voice their concerns about the loss of local services. My hon. Friend has campaigned vigorously against the closure of Radlett fire station.

As the Minister knows, I continually argue that Hertfordshire and, indeed, St. Albans do particularly badly under the Government's current funding formula. That has serious implications for the funding of our local services and has led to so-called efficiencies. Given the real-term cut in funding that will take place for all county council services next year, there is a continuous need to find year-on-year efficiencies in Hertfordshire. As a floor authority, we expect to receive an increase of 1.5 per cent. Our fire and rescue authority is unable to raise its own precept, because it is not a separate entity, so it has even less control over its financial destiny. Although the fire authority is exempt from Gershon efficiencies, the total county council budget is not. There are pressures to cut budgets and make savings, which is already happening.

Today is an opportunity for the Minister to address our concerns and give us a progress report on some of the outstanding policy recommendations that were made to the Government in relation to fire services. We are waiting for those recommendations to be implemented and for a decision to be made. The debate is timely, and I shall pose a series of questions to which I would like the Minister to respond. The number of firefighters who die on duty was falling, so why have more died on this Government's watch? Linked to that, how can we tackle concerns relating to emergency planning and training issues? Why are the Government pressing ahead with regional fire control centres? In addition, when will the Government implement a policy of statutory obligations on flooding?

Every year on 28 April, trade unionists mark workers' memorial day with a call to remember the dead and to fight for the living. This year, firefighters and the Fire Brigades Union had special reason to observe it, because, sadly, they had to commemorate the highest number of deaths in a single year since at least 1985, and three of those deaths were in Hertfordshire. Consequently, the FBU made recommendations to the Government in a report entitled "In the Line of Duty". I agree with the FBU and think that the Government should look at some of the issues raised by the report.

Exactly what constitutes an on-duty death, because that has never been clearly defined? Often, it is defined as being a death that occurs when a firefighter is in uniform or doing a shift. Included in that are, for example, firefighters who are killed in road traffic accidents while travelling in an appliance or fire service vehicle en route to or returning from an incident. That might be extended to include retained firefighters who are killed when responding to a call or returning from attending an incident.

Brave firefighters usually selflessly head forwards into danger when we, the public, are mindful of our own lives and safety and head in the opposite direction. The least that we can do is ensure that those who lay their lives on the line for us are truly accounted for and that lessons are learned from serious incidents. That should involve publishing UK-wide figures for all firefighter fatalities, major and serious injuries and near misses in a single annual publication. A national independent fire and rescue service investigation unit should also be established. It is worth considering the FBU's call for a widening of the definition of reportable incidents to the Health and Safety Executive to include work-related road traffic accidents, heart attacks or other life-limiting situations that are incurred as a result of working in an occupationally hazardous job. Those may be work related, but they are generally excluded from the on-duty figures, although many people think that they should come under the category of an on-duty death.

Currently, the only Government source that covers the whole of the UK for the period under review is the annual "Fire Statistics, United Kingdom" report. However, those figures refer to fatalities only from fires and therefore do not fully capture firefighter deaths that might be attributed to other causes. We need to learn from incidents, but to the Government's shame, which is the true way to put it, no formal process has been implemented to deal with matters arising from significant health and safety investigations, coroner's rule 43 letters

[Anne Main]

and inquiries, such as the one into Buncefield. The Minister should tell us today why such a process has not been implemented.

There is a large gap in the fire service's processes and guidance and in the information that is vital for operational response. There has been a lack of national, central risk-critical operational guidance for some years now, and only recently have the Government started to develop a mechanism to deal with that important issue. Why have the Government been so slow to deal with the matter and shown such a lack of urgency?

The chief fire and rescue adviser's unit has been established. It has sufficient resources to advise Ministers, but, bizarrely, it has insufficient resources to cover the role and responsibilities of the old fire services inspectorate. I am given to understand that the Department for Communities and Local Government is so short of resources in the unit for fire and safety policy that it is considering outsourcing and commissioning national fire service policy work. Will the Minister confirm whether that is the case?

There was a consultation on a possible centre of excellence for the fire and rescue service, as envisaged by the Bain review, which took place more than five years ago. A centre of excellence may have gone some way to meeting the concerns about central guidance, capacity and policy. However, sadly, there was no agreement on the funding of the centre and little indication of how it would work in practice. So, the fire service missed out yet again on an opportunity for improvement and on having an agency similar to the one used by the police. Even more worrying—this is linked to the lack of central guidance—has been the demise of Her Majesty's inspectorate of fire services, which means that fire and rescue services are assessed by the Audit Commission. Although the Audit Commission is an expert in audit, it has no professional expertise in fire and rescue, unlike the inspectorates of other services.

Mr. Mark Prisk (Hertford and Stortford) (Con): My hon. Friend has rightly mentioned the absence of a national operational guide, but representations from my firefighters in Hertford have brought to my attention the point that basic operational training—the thing that they need for their safety—comes second to other matters, such as long-term contingency planning. Given the tragic deaths in the county and nationally, does she share my fear that that set of priorities is wrong—particularly for firefighters themselves?

Anne Main: I completely concur with the observations of my hon. Friend. As I shall mention later, I have had contact with people who work in the operational field and who have drawn exactly that conclusion.

Will the Minister tell us whether he intends to remedy that deficiency? Crucially, we need to learn from when incidents go wrong. For example, on 2 February 2005, two Hertfordshire firefighters died at a fire in a block of flats at Harrow court, Stevenage. Bravely, the firefighters had rescued one victim and were attempting to rescue another when they were both killed. The report into the incident found that the deaths would almost certainly have been prevented, if Hertfordshire fire and rescue service had ensured that adequate procedures, training and resources were systematically in place. The report also found that adequate procedures, training and emergency response resources would have significantly reduced the life-threatening risks that faced the firefighters who attended the incident. There is a need for centrally-issued, substantial, safety-critical national guidance on the issues that have arisen from recent fatalities.

We need rigorously to assess the concerns about the distress signal unit that firefighters raised with hon. Members when they met at the recent lobby. As I am sure that the Minister is aware, that unit is worn by firefighters with breathing apparatus and emits a loud sound if the firefighter does not move for 20 seconds or so, which provides a warning and a location for firefighters who are lost, trapped or injured. The battery has lower temperature resilience than the unit—55° C compared with 75° C. Yes, the battery was tested in isolation and not within the unit, but firefighters are deeply unhappy about the uncertainty surrounding the reliability of that equipment in the event of a serious hot fire. It should be fully appraised as a matter of urgency, if we are to ask people to use it, and I hope that the Minister will ensure that that happens.

The FBU believes that there should be guidance for initial attendance, risk assessment, incident command, breathing apparatus, compartment fires, high-rise fires, backdraught, flashover and heat stress. That is a long list, but as I am sure the Minister is aware, firefighters' anger is growing about the lack of urgency surrounding those matters. Relevant training courses should also be provided.

Will the Government consider imposing a duty on employers, landlords and other responsible persons at selected high-risk premises to submit in writing their fire risk assessments to the local fire and rescue service? The public find it somewhat strange that that does not happen. Such a move would provide more information for risk mapping and identify potential areas for enforcement action and operational planning.

Our local branch of the FBU is anxious that Hertfordshire learns lessons from fire-related deaths and has made a number of recommendations to Hertfordshire fire and rescue service. It recommends that all firefighters receive regular training in all aspects of active fire safety measures. I shall go on to say why the FBU believes that that is not happening. We should ensure that there are sufficient firefighters on the initial attendance, so that one firefighter can be detailed as forward commander.

I have been told about a worrying situation in which there were not enough firefighters. The firefighters were expected to wait outside a property until the second engine arrived. In the event of a blaze, the public would not understand why firefighters were waiting for the correct numbers. Of course, firefighters do not wait in such circumstances, which puts them in danger. We should ensure that all firefighters receive regular training in all aspects of compartment fires and ventilation, particularly in high-rise buildings. We should ensure that all firefighters receive regular training and monitoring in all aspects of high-rise procedures and that initial crews take the correct equipment up to the bridgehead. Will the Minister consider those requests?

We also need to address the issues relating to hot fire training. Before 2006, Hertfordshire had a single real fire training unit that burned wood and chipboard. In

2006. Stevenage borough council placed an abatement notice on that facility, because of the pollution, and mobile units were purchased to take its place. Those units came into service in 2008. However, concerns have been expressed to me and other hon. Members that the units are used only to train new recruits and not to train existing firefighters, some of whom have told me that they have received no hot fire training at all since 2001. That was put down to financial constraints, but whatever the reason, does the Minister believe that the situation is satisfactory?

I particularly want to talk about retained duty firefighters, who experience a particular set of issues relating to training and safety. I was contacted by a retained duty firefighter, Mr. Bill Liggins of Wheathampstead, who works part time with Hertfordshire fire and rescue service alongside his full-time job. Believe me, we need retained duty firefighters. Mr. Liggins is concerned because whole-time duty system firefighters do 18 weeks training, whereas retained duty system firefighters do only four weeks. The WDS firefighters do a 42-hour week in which they are expected to train for eight hours; the RDS firefighters do only a three-hour drill night. He asserts, quite logically, that those cannot and do not equate, but when the two types of firefighter turn out to fires, the dangers that they face are the same. He believes that the RDS firefighters need more training on weekends and at drill nights by specialists.

The service has introduced national vocational qualifications to recognise competency, but they are not paid for, and RDS firefighters have to pay for them themselves. WDS firefighters do qualifications at work, but the service says that RDS firefighters should do them during drill nights. As an RDS member, Mr Liggins is concerned that they just do not have enough time both to train and to study for qualifications.

RDS firefighters have historically had hand-me-down equipment from the WDS. Bizarrely, firefighters who met hon. Members the other week told us that uniforms go missing in the abyss of the cleaning systems and that they rarely get the same one back. The RDS has been allocated some new fire engines, but they do not carry full equipment—disc cutters, chemical suits and air mats. Again, that has to do with training implications and is principally driven by cost. As I have said, Hertfordshire county council is hard-pressed financially, and it has asked Hertfordshire fire and rescue service to try to cut £1.1 million every year for the next three years, which must have implications for training budgets.

The Minister must accept that there are huge concerns about the levels of financing and training offered to serving WDS and RDS firefighters. If the regionalisation of our fire services were scrapped, that funding could be better spent. Why are the Government pressing ahead with regional fire control centres? I have a deep unease about moving services further away from local expertise and knowledge. Conservatives have consistently argued that that scheme should be scrapped. It is a costly, wasteful and misguided approach to delivering local services dressed up in a cloak of so-called efficiency savings.

According to my local county council:

> "The burden of the Regional Control Centre project on local Fire and Rescue Services is becoming an increasing concern. There are hopes that the project and financial management are an improvement on the management of the New Dimensions programme. The shortcomings of the New Dimensions programme were recently highlighted by the National Audit Office. Local workload and burden is not being met by sufficient New Burdens funding and the fear is that local priorities like Community Safety may have to be reduced to meet the workload of Regional Controls.
>
> The East of England Regional Control Centre in Cambridge will be in the last operational wave, and far from providing greater financial efficiency is likely to cost the Hertfordshire taxpayer considerably more."

Lesley Morris, who works in command and control in Hertfordshire, also wrote to me to make exactly that point. She said that

> "sadly this project is not wanted by anyone within the fire service"—

contrary to what the Government say—

> "and we have real concerns that this will also be putting firefighters lives at risk due to losing the professional, highly trained personnel we have within control. This government says that with the new technology we will be able to mobilise the nearest appliance to an incident therefore creating a better service—well in Hertfordshire we already do that BUT with highly skilled professional people at the end of the phone who know the topography of Hertfordshire inside out."

Lesley also told me that

> "government says that with caller ID we will know exactly where the caller is calling from—but it's worth remembering that the person putting in the call is not always the person who is in trouble and they are not always in the same location. What about local dialects?"

She was of the view that any delay, for whatever reason, in mobilising appliances puts more pressure on our firefighters once they are at an incident and therefore puts the public at risk. She asked that the Government consider her expert opinion:

> "With the mobilising systems we have in Hertfordshire and many other brigades around the country—surely it would have made sense to enable us to link to other brigades in... extreme busy periods but to keep the personnel in the locations we already have. This would have cost a fraction of what the project has cost and the money saved could have been put into frontline services and training".

If regional control centres are so badly needed, how did Hertfordshire's control room cope with the biggest fire in peacetime Europe? During the Buncefield incident, Hertfordshire fire control coped professionally and comprehensively with hundreds of calls to that incident alone. The regional fire control project is officially three years late and the costs are 14 times the original estimates. The new centres were to start opening in November 2006, but are now not due to start opening until October 2009. Indeed, local rumour says that that date is optimistic—unless the Minister tells us differently. I hope that he will tell us that the centres are to be scrapped.

In a written answer regarding the original cost estimates for regional fire control centres, the then Minister responsible for fire services, who is now the Under-Secretary of State for Transport, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), said that consultants Mott MacDonald

> "estimated project costs at £100 million, comprising project management costs, technology costs, accommodation costs and redundancy."—[*Official Report*, 27 October 2005; Vol. 438, c. 484W.]

That original estimate jumped to £1 billion, with the latest Government answer confirming that the cost will rise to £1.4 billion. It is worth noting that the entire UK fire service costs only £1.7 billion a year to run, so the

[Anne Main]

business case for the scheme certainly has not been made and, more importantly, the firefighters who are being asked to perform these tasks are left unconvinced.

It is worth remembering, as my local force has pointed out, that during the floods of 2007 control rooms throughout the country were able to cope with the massive number of calls that they received. At times of emergency with spate conditions, many staff simply turn up at control rooms to help, which will not happen once controls are regionalised.

The Government's answer is that neighbouring control rooms will take the overflow of calls. However, weather systems can travel the country quickly, so if one control is busy it will switch to the next and so on. Have the Government considered what will happen when nine rooms instead of 46 are busy? It could lead to a catastrophic failure where our fire control rooms cannot answer calls from the public when they are in trouble.

The number of staff predicted to be working in these control rooms ranges from six to 12 covering six counties. The Hertfordshire control room has a minimum of four staff at any time. I therefore question the logic that the change will make our fire service more resilient. Why spend billions of pounds fixing a system that is not broken, especially in these difficult economic times?

Will the Minister tell us why the plans are so delayed? Will he confirm rumours that the project is still beset by technical problems? Given that front-line fire stations and firefighters are threatened by cuts, is he prepared to reconsider spending that money on front-line fire services, in order to keep it low-cost, efficient and—more important—local? Is it not time to scrap the project and revisit the closures that have dogged local services?

The Minister knows that there is no statutory obligation to respond to flooding, but he should try telling that to the public as they battle flood waters. Flooding has always been the sort of incident to which firefighters respond. In St. Albans on Saturday, firefighters rescued an elderly lady from a flooding incident in her flat. Two weeks ago in London Colney in my constituency, the fire service arrived promptly to pump out flooded areas. It was the first port of call for many residents. It is an ongoing problem in many constituencies beset by flooding.

My constituents expect the fire service to attend, so why does the Minister not ensure that the Pitt review is implemented? The area-wide floods of 2007, and the possibility of more events like that, have changed the outlook. The Pitt review made a number of recommendations, including greater responsibilities for the fire service. Hertfordshire has firefighters trained in the use of boats and working in water, but fire services will need more resources to match the recommendations of the Pitt review and to meet the increased challenge. That includes national assistance from fire services across the country, which is already in place. Will the Minister finally commit the Government to recognising the additional pressures of dealing with flooding, and undertake to implement the Pitt review?

9.52 am

Mr. Oliver Heald (North-East Hertfordshire) (Con): I congratulate my hon. Friend the Member for St. Albans (Anne Main) on securing this debate. After the lobbying of Parliament, a number of Members were keen that there should be such a debate, so that we could raise concerns, and I am delighted that my hon. Friend has succeeded.

I pay tribute to the Hertfordshire fire and rescue service, which does a tremendous job. It did extremely well at Buncefield. I, too, benefited from its services when I had a small fire at home. The service does a good job on prevention and advising the public how to avoid fire; indeed, what it does to persuade people to use smoke alarms is particularly important.

On 2 February 2005, there was a tragic incident at Harrow Court flats in Stevenage. Two firefighters lost their lives there—Jeff Wornham and Michael Miller. I know the Wornham family—a popular local farming family, committed to public service. Jeff's father Robert is here today—Robert is chairman of the parish council. It was a tragedy that Jeff should have lost his life. He showed tremendous bravery in going into that building on that night. Everyone was proud that he was given the George medal posthumously. However, as his father said, we all wish that it had not been posthumous.

It is against that background that I come to the debate. I fully accept that Hertfordshire fire and rescue service has made improvements. I understand that the number of property fires is down by 25 per cent., accidental dwelling fires have been reduced by 13 per cent., arson is down by 36 per cent., and fire fatalities are down. However, there is continuing concern as a result of what happened that night in 2005. The Fire Brigades Union inquiry into what happened was critical of the procedures, and the training and resources made available, and concern was expressed that there had been previous incidents elsewhere and that safety critical advice was somehow not being passed on to the firemen as it should.

The FBU report, "In the Line of Duty", was prepared by the Labour Research Department. It is notable that the 1996 incident at Blaina, in south Wales, is mentioned on page 30 of the report because what happened in 2005 showed similarities with what happened nine years earlier. On both occasions, firemen attended in small numbers, managed to rescue one person and then went back in; it was a delayed backdraught that caused the fatalities. Our concern is that the sort of advice that should come from such occasions is not being spread around to the firefighters.

The overall message of the FBU report seems to be that at the end of the 1990s relative safety had been achieved for firemen, as there were hardly any fatalities at that time, but that more recently, between 2003 and 2007, there were 21 fatalities. The situation seems to be getting worse. The report notes the poor recording of fatalities—not all loss of life being properly recorded—and the non-recording of near misses, which are often useful for learning lessons. It also mentions the lack of research into the causes of deaths and near misses; finally, it talks of inadequate risk assessment processes. The report says that there is no system at national level to ensure that lessons are learned and guidance is spread.

I asked the Minister a parliamentary question on the subject, which he answered on 18 November. He said that

"a framework for the future development of operational guidance has been developed, including a priority programme of work…This programme has begun and includes the involvement of a wide

> range of stakeholders. As part of this framework, an additional four pieces of operational guidance has recently been published".—[*Official Report*, 18 November 2008; Vol. 483, c. 381W.]

That seems to be a rather leisurely process.

We seem not to be getting the sort of guidance mentioned by "In the Line of Duty"—something comprehensive that should be available quickly. It speaks of having

> "safety critical national guidance on the issues arising from recent fatalities."

The report gives a long list of items that should be covered, including minimum standards on the initial attendance, which is particularly important to my constituent because that was the background to the incidents at Blaina and Stevenage. The report also mentions revising generic risk assessments, minimum standards for training and many other aspects.

I therefore have some questions for the Minister. First, is the programme not rather leisurely, and could we not have what is recommended in the FBU report—something substantial, and soon? Secondly, on the question of how fatalities and near misses are recorded, is it so difficult to have a comprehensive national system that works? Surely, that is done in a range of other areas. Thirdly, what about proper investigation? One of the report's recommendations is that a new body should be set up to deal with investigations, to ensure that we understand why a fatality or a near miss occurred.

The Minister might say, "We're on to that already, but will deal with it slightly differently", which, if so, would be an acceptable answer. However, those three points—on recording deaths and near misses, investigating them properly and providing proper safety critical advice nationally—seem to be the nub of the proposals in the report and make obvious good sense. I wanted to press those points in my short contribution today. What will the Minister do about them?

10 am

Mr. James Clappison (Hertsmere) (Con): I, too, congratulate my hon. Friend the Member for St. Albans (Anne Main) on securing this debate and on presenting her case in such a comprehensive and well informed way. I have no hesitation in supporting her and my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) on every one of their points. I also join them in paying tribute to the Hertfordshire fire and rescue service and, in particular, to the courageous and dedicated firefighters in Hertfordshire.

Like my hon. Friends, I recently had the opportunity to meet those firefighters, when they visited the House on 13 November in connection with the report, "In the Line of Duty", to which my hon. Friend the Member for North-East Hertfordshire referred. They were keen to highlight the issues that he raised this morning and, in particular, a matter of which I had not been aware: the steep increase in the number of firefighter deaths over recent years—sadly, as he said, that includes three firefighter deaths in Hertfordshire, and I join him in his appropriate tribute to those courageous men who lost their lives in the line of duty.

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan) *indicated assent.*

Mr. Clappison: The firefighters were keen to highlight the following concerns in the report:

> "The trend in firefighter deaths was downwards until the turn of the century. However there has been an alarming upturn in recent years. Since 2003, at least 22 firefighters have died while on duty, significantly more than in the previous period.
>
> At least 44 firefighters have died in fires since 1978. However, firefighter deaths at fires had effectively ceased by the turn of the century. From February 1996 until October 2002 there were no recorded fire deaths in the UK."

Anne Main: It is worth repeating those statistics again and again, because the Government are incredibly fond of targets for other deaths related to health and safety. I find it alarming that they have not addressed the increase in firefighter deaths, but I hope, following this debate, that might change. In all other aspects, the Government pride themselves on reducing deaths, so I hope that today will not be a missed opportunity to put the matter right.

Mr. Clappison: I agree with my hon. Friend. As I said, the firefighters were keen to raise that concern with me, and I look forward to the Minister's response.

I also look forward to the Minister's response to another point that the firefighters were keen to make—my hon. Friend the Member for North-East Hertfordshire also mentioned it—about the way in which firefighter deaths are categorised. It is important that we have an appropriate way of categorising the deaths of men who, when they go out on calls, are putting their lives at risk.

Mr. Heald: Does my hon. Friend share my concern that given that the number of fires is falling the fact that so many more people are dying is even more worrying? It suggests that despite a smaller number of cases, the risks have increased.

Mr. Clappison: That point stands out from the facts, although, to be fair, we need to hear from the Minister on this very important subject, because other factors might be at play.

I am aware of the heavy responsibilities that firefighters face in my constituency. Running through, or near, my constituency is a concentration of infrastructure, especially transport infrastructure, including the three main north-south rail routes. Local crews attended the Potters Bar derailment in 2002, and I pay tribute to their prompt attendance and bravery on that occasion. Crews from my constituency, including one from Radlett, also attended the nearby Buncefield fire. Furthermore, the M1 and A1 run north-south through my constituency and the M25 runs across it, and firefighters often have to attend incidents on those motorways. In fact, one of the firefighter deaths in Hertfordshire occurred during attendance at a motorway incident. It is very dangerous for firefighters to attend motorway or main road incidents.

I agree with the comments of my hon. Friend the Member for St. Albans about funding. Hertfordshire county council was hit relatively hard by the Government's local government funding formula. It was a relative loser—as she said, it is a floor authority—and although the formula was put in place some four or five years ago, the effects are still being felt. Sadly for Hertfordshire residents, those effects continue to be felt at this time of wider economic difficulties, when we know that economies might have to be made.

[Mr. Clappison]

Against that background, I shall deal with a matter of great interest to many of my constituents—many of them have asked me to raise it today—Radlett fire station, which was closed two years ago. What can only be described as a very vigorous campaign was mounted by Radlett residents and others to keep the fire station open, and a 7,000-name petition was delivered to Hertfordshire county council in connection with the closure. The council considers petitions of 250 people to be significant, so to say that concern in Radlett is very widespread would be an understatement.

For many of the concerned residents in Radlett, and elsewhere in my constituency, the closure of the fire station is not the end of the matter, and public concern has not lessened in Radlett and nearby communities since the closure. For example, there has been close scrutiny of attendance times for fire appliances to fires in Radlett and the surrounding area, especially Borehamwood, which had also been served by the Radlett fire station. In particular, residents are taking a great interest in the time taken for second appliances to reach fires—a significant point.

Anne Main: I concur with my hon. Friend's comments, especially on monitoring by local residents who scrutinise arrival times. I pay tribute to those residents who have remorselessly been accessing that information under freedom of information legislation. They have serious concerns about arrival times, especially of second vehicles. The concern of the local community is demonstrated by the fact that people are going to so much effort to prove what they believe is happening on the ground.

Mr. Clappison: My hon. Friend is absolutely right. As I said, concern over the past two years has not lessened.

Among the many issues concerning residents is that of attendance times of second appliances at fires, especially domestic fires, because second appliances are very important. Although an appliance might now come from Borehamwood, others have had to come from much further afield to attend fires in Radlett and Borehamwood. The support our fire and rescue campaign—SOFAR—to reopen Radlett fire station has reached its own conclusions.

My hon. Friend the Member for St. Albans referred to the great interest that SOFAR takes. The information it has given to me states:

> "Our conclusion is that the statistics are showing that the Fire Service is failing to meet its targets in the area previously supported by Radlett Fire Fighters."

That is SOFAR's conclusion, and it takes a great interest in the matter.

Hertfordshire county council may take a different view, and there has been lively communication between the two organisations. It is important in the circumstances for the county council to be receptive to the views of local residents in Radlett and Borehamwood, and there should be two-way dialogue between the groups. This is my message: I hope that the debate continues and that the two sides keep talking to each other, and that each listens to what the other has to say. For its part, Hertfordshire county council has some important points to make that local residents need to take on board but, equally, Hertfordshire county council needs to listen to local residents, because their concerns remain. A campaign that was aimed at keeping the fire station opened has now become a campaign to reopen it. For local residents, it remains a very important local issue.

I put those points before the House because my constituents want me to give vent to that important issue. I pay tribute to the fire and rescue service in Hertfordshire and to individual firefighters. I agree with the wider points that my hon. Friends made in the debate, and I look forward to the Minister's response to the residents of Hertfordshire as a whole.

10.11 am

Julia Goldsworthy (Falmouth and Camborne) (LD): I, too, congratulate the hon. Member for St. Albans (Anne Main) on securing the debate, which is timely, given the recent national lobby. Fire services throughout the country will be listening carefully to the Minister's response, because the issues that have been raised have wider implications and do not affect Hertfordshire only. The debate is also timely because, as I realised when travelling through King's Cross, we are close to the anniversary of the King's Cross fire, which resulted in severe loss of life many years ago and in significant changes to equipment and fire safety.

Basically, the problem in Hertfordshire boils down to two things. First, as contributors to the debate have made clear, Hertfordshire county council is under significant financial pressure. The financial outlook, as we heard yesterday, does not look particularly rosy. Local authorities all over the country will be concerned about how their settlement is going to affect their ability to meet ever-rising cost pressures. The system of local government funding makes it difficult for local authorities to deal with their funding pressures, because the bulk of their expenditure is on staff costs, which increase above the rate of inflation.

Exactly the same is true with the fire service, and I know from my constituency that there are great pressures on it. Much of that pressure owes to the fact that 80 per cent. of its budget is for staffing costs. It is therefore difficult to make the cut anywhere other than on the front line, which in key emergency services such as the fire service is of great concern.

We know from local news and council reports that the pressures have already resulted in cuts to services, but there has been great progress on, for example, fire service call-outs, which have dropped by 7.5 per cent., and smaller fires, which have fallen by 21 per cent., notwithstanding the small fire in the home of the hon. Member for North-East Hertfordshire (Mr. Heald). Clearly, that is a response to the emphasis that has been placed on fire prevention. I have visited my local fire station several times and spent time on the doorstep with firefighters to push the safety programme forward. I saw at first hand the impact that they can have, as well as a number of homes that did not have smoke alarms, for example.

Anne Main: The hon. Lady draws attention to the number of times that firefighters are called out to fires, but does she share my concern that the number of times that they are called out to deal with flooding does not necessarily appear in the statistics? We are therefore getting a skewed view of exactly what fire services deal with.

Julia Goldsworthy: The hon. Lady is absolutely right. Flooding seems to be an ever-increasing concern, which I know from my fire service's experience in Boscastle. The flooding there was probably the most significant incident that it ever had to deal with.

Fire call-outs are not the only thing and, as I was saying, the work that firefighters do on the doorstep is important. I saw at first hand people who probably would not have opened their door to anybody else, doing so because they see firefighters as people they can trust. The firefighters were able to install fire safety measures straight away. I would not want to underestimate the impact of that work, but there needs to be a balance.

On the pressures on local authorities, I have already mentioned the wider financial situation.

Mr. Stewart Jackson (Peterborough) (Con): Does the hon. Lady agree that it is imperative that the Government bring forward to 2009 the review of the formula spending share that was scheduled for 2010, given the pressures on revenue budgets in fire and rescue services throughout the country?

Julia Goldsworthy: That review is long overdue. For councils that are bumping along the floor, it has continued to cause significant difficulties. I can say that, too, from the experience in my constituency.

In Hertfordshire, however, there are other things to take into consideration, which the Minister, especially as he represents the Department for Communities and Local Government, may be able to comment on. First, what about the council's exposure to the collapse of the Icelandic banks? I know that the council is exposed to the tune of about £28 million. Clearly, if those resources cannot be reclaimed in a timely way, that could have further impact on a range of front-line council services.

There is also a resource problem with the Conservatives' approach. They are calling for a council tax freeze, which, in effect, would mean real-terms cuts to services. In addition to calling for the wider review of funding, the Conservatives need to look at the impact that that would have on their own services, given that the budget cuts that we have already seen in fire and rescue services have resulted in the closure of fire stations such as Radlett.

The Fire Brigades Union said that there have been delays in making improvements, which was highlighted by Government audits, and that funding has been unavailable to address matters highlighted in coroners' reports. The FBU also said that there has been a lack of personnel to conduct risk assessments in communities, cancellation of essential training and outsourcing for contracts for the supply of vital safety equipment. The situation is already difficult, but the people of Hertfordshire should have real concerns about their funding. Some of it, of course, is determined by the central allocation, but questions should be asked about the allocation of the council's resources.

Anne Main: I am grateful to the hon. Lady for coming back to the essential point on the funding allocation. I am sure that she is fully aware that Hertfordshire, being in the east of England, is a net contributor to the Chancellor's coffers, and that we get so very little back. I am sure that my council tax payers would welcome not paying any more than they already do as net contributors to council tax, and I am sure that she would welcome a transparent system that sought to ensure that we had a fair allocation system, rather than us constantly being asked to be the cash cow of the local area.

Julia Goldsworthy: I absolutely agree that we need a fairer, more transparent system. That requires fundamental changes to how local taxation is raised and spent, which is why the Liberal Democrats have been talking about local income tax, which would make things clearer. I am not entirely sure how a one-off central grant, which is what the Government are claiming to offer, will achieve transparency. Council tax payers in Hertfordshire will rightly be annoyed about being net contributors, but, as the hon. Lady pointed out, they are concerned about resources for their public services. That is a balance that council tax payers have to strike, and they have to decide whether they are prepared for further service cuts, which Conservative Members say they do not want. There is a contradiction that must be resolved.

The debate is not just about a local situation; there are national issues—not just of funding, but of the co-ordination of training, the establishment of standards, the making available of guidance and the collection of data. As to training, when firefighters came to see me at the national lobby, they pointed out that there has been a change of emphasis towards fire safety and away from training to deal with larger incidents. They explained that that makes it difficult for them to make time for such training to deal with large fires. They also talked about their great difficulty in obtaining training to understand the wide and widening range of equipment that they are asked to use.

The most recent addition at my local fire station is an emergency response unit that can deal with chemical spills, for example. The firefighters said that it was difficult for fire stations with whole-time cover to make time available for training in using the hundreds of items of equipment for firefighting and for dealing with road traffic accidents, flooding and chemical spills.

Things are even more difficult for retained firefighters. I spent a day with retained firefighters who were doing their initial training, and was gobsmacked when I learned how much ground they must cover in two weeks. As the firefighters at the national lobby explained to me, they are concerned that there will be a knock-on effect on their ability to turn out. There is a reliance on retained firefighters not just to turn out and man a tender; it is necessary also for them to be trained to use the equipment.

Will the Minister comment on the number of occasions on which fire stations have been unable to turn out with the equipment firefighters want to use, not because there are not enough firefighters, but because not enough of them are trained to use the equipment needed for a particular incident?

The experience in Hertfordshire provides a microcosm of the experiences I have been describing. Despite a reduction in the headline figures relating to fires prevented and call-outs, this is an area where there have been significant fires and, sadly, fatalities and injuries have resulted. That seems to me to be representative of the wider story that the FBU was trying to tell in its national lobby: there is a headline impact on the number of fires and call-outs, but insufficient time is being dedicated to allow firefighters to respond to the larger incidents.

[Julia Goldsworthy]

Guidance is another issue that arises, and the FBU makes recommendations in its report "In the Line of Duty". It points out that in 2004 the Central Fire Brigades Advisory Council was abolished, and raises concerns that since then there has been no systematic issuing and development of guidance. It suggests that a new body needs to be established to take on that role. I am not convinced of the need for a separate body, although I am open to being convinced. Does the Minister have any comment to make on whether any existing bodies could take on that function?

As to data, we know largely from requests made under the Freedom of Information Act 2000 that more firefighters are dying and that the official figures are lower than the levels recorded. What can the Minister do to ensure that the definitions of reportable deaths and of minor injuries are widened and clarified to allow systematic reporting of incidents resulting in fatalities, as well as of other deaths of firefighters while they are on duty but not necessarily fighting fires? In addition, what can he do to ensure that near misses are recorded? The point of collecting the data is to understand how situations arise and what can be done to prevent them. Understanding near misses is as important as following through with information on what has happened when things go wrong.

The hon. Member for St. Albans raised pertinent issues on fire control. I have been concerned about the apparent continuing delay in the roll-out of the regional fire control centres. That adds to my cynicism about the prospect of the regional fire control centres doing a more effective job than existing fire control centres. I have asked several questions about that matter. On one occasion I asked why, if the Government say that centralisation is needed, they do not go the whole hog and put everything in one place. The response from the then Minister was that that would not be sensible because a terrorist hit could take out that one fire control centre. That is true, and it seems to me to be an argument for spreading control centres out as widely as possible.

A huge amount of expertise will be lost. The people who work in fire control in my constituency will not relocate to Taunton, where the new fire control centre is to be built on the flood plain. Resources are being spent; once again, an information technology system is being set up that is running over budget and over time. The resources could be much better spent on the front line.

There is a case for getting the correct balance between focusing on prevention and ensuring that firefighters have access to the training they need to use equipment that enables them to deal with fires and an ever-widening range of other incidents such as road traffic accidents and flooding, which has become a particular problem. Firefighters will be best able to respond, and the Department will be best able to ensure that they have the right equipment, only if there is proper reporting of information on the risks taken by firefighters whey they go out to do their job every day, and the impact of those risks.

I would like to hear the Minister's response to all the recommendations in the report—for a common and consistent reporting mechanism for fatalities and major injuries, the widening of the definition of reportable incidents, a national independent fire and rescue service investigation unit, centrally issued guidance to ensure that firefighters know that they have back-up, national standards, and systems to enable lessons to be learned from the fatalities that occur.

The report shows a need for Government action, and I hope that the Minister will provide reassurance to all hon. Members who have raised concerns and the firefighters who came to the lobby.

10.28 am

Mr. Stewart Jackson (Peterborough) (Con): It is a pleasure to serve under your chairmanship, Mr. Hood. I warmly congratulate my hon. Friend the Member for St. Albans (Anne Main) on securing the debate and on her eloquent and well researched remarks. She is passionate about the issue and has responded as a good constituency Member of Parliament to last week's debate and lobby, when the Fire Brigades Union came to the House. I also pay tribute to my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), who brought a personal touch to the debate when he related the experience of his constituent and his family, and the bravery of that gentleman. I support and congratulate my hon. Friend the Member for Hertsmere (Mr. Clappison) on his principled and tenacious campaign on behalf of his constituents to save Radlett fire station.

The issue is immensely important, not least because, as we have heard, 22 firefighters have been killed in the past five years, and the trend seems to be getting worse. It is interesting that one of the mantras repeated constantly by the Minister's predecessor, the hon. Member for Gloucester (Mr. Dhanda), concerned the number of fire-related deaths being the lowest since the 1950s. I do not necessarily query that. It is the case, and is the result of demographic and social changes and changes in education and community engagement. I congratulate the Government on that success, but the corollary, if I may quote Matt Wrack, the general secretary of the Fire Brigades Union, whom I met last week with Mick Shaw, the president, is that there is

> "a policy vacuum—a neglect of up-to-date central guidance on firefighter safety."

If, as my hon. Friends have said, overall fire deaths are falling but firefighter deaths are rising, there are some big issues.

It goes without saying that I pay tribute to Hertfordshire fire and rescue as well as to the Fire Brigades Union, not only for its report, "In the Line of Duty", but for its work in exposing the shambles of the regional fire control centres and destroying the intellectual case for that policy. I will refer to that later.

I draw the House's attention to early-day motion 2489 on firefighter safety and data collection, which I tabled and which has been signed by 61 other hon. Members from all parties. It is a straightforward early-day motion that calls for more safety-critical operational guidance for fire authorities, draws attention to the deficiency in data collection mentioned by my hon. Friends and urges greater clarity and standardisation in the recording and investigation of firefighter fatalities and injuries. It stands as a record of the commitment of Her Majesty's Opposition to this pressing issue.

My hon. Friend the Member for St. Albans raised concerns about flooding and resilience funding, which we discussed two weeks ago in this Chamber. The reason why Project Fireguard has collapsed is that fire authorities take the sensible view that resilience is essentially a national issue that should be funded nationally. It is incumbent on the Government to move quickly and to decide, finally, whether it should be a statutory duty for fire and rescue authorities to attend to flooding. If not, the Government should decide where to site funding to facilitate proper reactions to flooding incidents across the country.

It is important to discuss the practical operation of the Fire and Rescue Services Act 2004. Mention has been made of the integrated risk management plans. In the experience of many long-standing firefighters, union officials, local councils and fire authorities, the plans are being used as a fig leaf for driving through revenue cuts that remove retained firefighters, appliances and stations. In a debate on 18 March this year on Humberside fire and rescue, we saw that that is what is happening in practical terms. We should review integrated risk management plans, relate them to the everyday on-site training that firefighters receive and use them properly in terms of risk assessment.

On funding, as I have mentioned, we need to bring forward the review of the formula spending share from 2010 to 2009, not least in the light of yesterday's pre-Budget report and the fact that this Government have all but bankrupted this country. That is an important issue that the Fire Brigades Union and others will take forward.

Why is there such a lack of risk-critical operational guidance? Why have we not updated it using avenues such as the national chief fire and rescue adviser, Sir Ken Knight, or the operational guidelines from the Department for Communities and Local Government? As the Minister will know, his predecessor and I debated the national fire and rescue service framework in June. That would have been an opportune moment to review firefighter training, but it was not addressed. More emphasis is placed on diversity, quotas and tick boxes than on firefighter safety. I do not think that that is the right set of priorities going forward over the next few years.

We come to the subject of regional fire control centres. Where do I begin? Yesterday morning, I visited the new regional fire control centre at Blackbrook business park in Taunton. It has been built on the edge of a flood plain. There has been massive opposition to regional fire control centres, not least in Gloucestershire, where the fire element of the tri-service centre in Quedgeley has been ripped out and a £6 million private finance initiative scheme disabled by the obsession for regional government started by the right hon. Member for Kingston upon Hull, East (Mr. Prescott), the 2004 vote against the regional assembly and the vote not to go ahead with the merger of police forces. Fire control centres are the only behemoth of regional government still being pursued by this Government.

Given that the then fire Minister told us in 2004 that regional control centres would cost only £100 million and would definitely generate £30 million, or 30 per cent., in revenue savings over the period to 2017, the figures are horrendous. Some £55 million has been spent so far on consultants and £50 million on local and national project set-up. That is £100 million already. Some £190 million has been spent on IT and £342 million on premises. We are heading towards £700 million, and not one regional control centre is yet open, nor is one likely to open.

I challenge the Minister to give us a date for the new cut-overs. He has delayed them in the south-west and throughout the country, and he has refused to tell fire authorities when they will happen. He knows that they must happen before 2012, because of the Olympics—senior chief fire officers have said that it will not be a tenable situation if the fire control project is not online by the time of the Olympics. He will also know that, as I have said, the cost basis rationale for the project is dead and buried, as is the resilience basis. All the technical improvements that Ministers trotted out constantly and wrote to hon. Members about in the summer are happening anyway. For instance, in Avon, 19 of the 20 technical improvements that have taken place would have happened anyway, without a regional control centre and all the related costs.

I challenge the Minister to have the courage of his convictions in his new role and to say to the Treasury, "This is a disastrous project. It's impacting in the post-comprehensive spending review period on real front-line services and on revenue funding. Kill it off; pull the plug." He would have our strong and emphatic support, as well as that of the hon. Member for Falmouth and Camborne (Julia Goldsworthy), I am sure.

Incidentally, I am sure that the hon. Member for Falmouth and Camborne will support the Conservatives' push for greater transparency. In government, we would seek an Australian-style grants commission that would exercise fairness and transparency in allocating revenue grant funding, unlike the present Government, who seem to make it up as they go along. However, I am slightly concerned that the hon. Lady is confused about how it will all be paid for. I thought that the Liberal Democrats had killed off local income tax, not least because it is electoral poison in most of the south of England, including—dare I say it—in the south-west and Cornwall.

Julia Goldsworthy: For a lot of people, the fundamental confusion arising from the system of local government funding is due to the fact that in a lot of cases about 80 per cent. of what is spent is provided by central Government grants. Surely the drive is not just to have a clearer central Government grant system. I thought that the hon. Gentleman's party was committed to localism and ensuring that more is raised and spent locally. Once one goes down that path, it is clear that most people feel that council tax is not fit for purpose. It rises every year above inflation.

Mr. Jackson: I hope that the Liberal Democrats have more clarity by the time we reach the general election, because people will want to know. They will want to know the point of voting Liberal Democrat anyway, given that it will be a clear choice between two competing visions, but I assure the hon. Lady that we have a clear and well-argued policy, which we will articulate in our general election manifesto.

The issue of regional control centres is integral to this debate. My hon. Friend the Member for St. Albans has mentioned the Pitt review. The Pitt review specifically does not advocate regional control centres in the conclusions

[Mr. Stewart Jackson]

that it reached after examining the widespread national floods in the summer of 2007, despite being "invited" to do so. That is an important point.

My hon. Friends asked what might happen in a new regional control centre set-up if there were a catastrophic outage—for instance, if a hacker were to place a computer bug throughout the IT system. Can anyone imagine the ramifications of all nine regional control centres, including the one for the London fire brigade in Docklands, crashing at the same time? Of course, that is something that none of us wants to happen, but it is something that we need to think hard about in terms of a risk assessment. At the moment, there would be 45 other potential fire control centres to pick up the slack in the event of a serious terrorist incident, a pandemic or major floods. That would not be the case if we had nine or 10 centres interlinked by a common IT network, which is a very serious concern.

The New Dimensions programme has been mentioned. I know that the Minister will want to have some time to put his views forward and to answer the questions that my hon. Friend the Member for St. Albans has put. In the spirit of consensus, I want to give the Minister an opportunity to use two specific avenues to try to address the particular issues that my hon. Friends the Members for St. Albans, for Hertsmere and for North-East Hertfordshire, as well as the hon. Member for Falmouth and Camborne, have raised today.

One avenue is the report into the very sad circumstances of the firefighter deaths at Atherstone on Stour, which the Minister will know about. That report is due by the end of this month or early December and it will obviously raise the profile of firefighter safety. It will be a golden opportunity for the Minister to examine the key issues that have been raised today. The other avenue, of course, is the Minister's official response to the National Audit Office report on the New Dimensions programme, which is also concerned with issues of resilience.

Those two avenues will perhaps give the Minister the opportunity to look at resilience, training, achieving a level of consistency and the policy vacuum that the FBU has alluded to, and also the potential disaster of regional control centres. Let us trust local professionals and respect their expertise, and let us see some flexibility from the Government in assuaging the concerns that my hon. Friends have articulated so well today.

10.42 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Sadiq Khan): I begin by congratulating the hon. Member for St. Albans (Anne Main) on securing the debate. The issues that she raised are all very serious and, by and large, she raised and discussed them in a temperate manner. In fact, every contribution to the debate, even the last one by the hon. Member for Peterborough (Mr. Jackson), has been made in a reasonable and calm manner. I say that because the hon. Gentleman and I normally have knockabout in debates, but it is appropriate that when the father of a brave firefighter—a hero—is in Westminster Hall we all behave in a manner that respects the fire service and firefighters.

I know that one of the reasons that the hon. Member for St. Albans secured this debate is the recent Fire Brigades Union report, "In the Line of Duty", to which she alluded, and the subsequent lobby by firefighters, which was referred to by other colleagues too. The report covers a wide range of issues. Although I will address some of them now, I am sure that hon. Members will understand that I cannot deal with all the points substantively in the short time available to me.

The contribution by the hon. Member for North-East Hertfordshire (Mr. Heald) was very important; he made some excellent points. There are two options that I can take today: I can either respond in a knee-jerk manner to the points made in the FBU report, or I can consider them. There were some very serious points. The hon. Gentleman referred to just three of them: the process for recording deaths, the investigative processes that are in place, and the safe strategic guidance.

I have discussed the report with the general secretary of the FBU and important points are made in it. However, I cannot then be criticised for being lackadaisical or for lacking the conviction to take the report seriously, if I have considered the report and want to respond in a proper manner. I hope that the hon. Gentleman will bear with me as I respond to the points that have been made.

The hon. Member for Peterborough, who is the spokesman for Her Majesty's Opposition, gave me two avenues to try to show that there had been a cultural change. Once again, on the one hand we consider reports and try to find an opportunity to make announcements yet on the other hand we are criticised and accused of being lackadaisical.

For reasons that I hope will be clear, I will not go into too much detail about the FBU report, although I will touch on some of the points that have been made.

Mr. Heald: The point that I was making was that in an earlier answer to me, the Minister described a framework for future development of operational guidance. I was not really suggesting that he was lackadaisical, just that it seemed a rather leisurely process and that there might be a need for a little more expedition. If the framework is something worth doing, let us get on with it. I would be very grateful if the Minister could explain what the framework is and what is happening about the issue of operational guidance, because that seems to be at the core of the debate.

Mr. Khan: I will be coming to that issue later. However, in short it is a system whereby the adviser, stakeholders and the Government work together, and not a command control system whereby we inflict and impose guidance. Instead, we will be working with key stakeholders to ensure that the system is acceptable, which is the right and proper way to do things. I will talk about the framework in a moment, if the hon. Gentleman will bear with me.

I want to kick off by putting on the record that I believe that we have a fire and rescue service that we can be proud of. Day in and day out, members of the fire and rescue service put their lives on the line—we heard examples of that earlier today. In fact, my family were saved from a big fire many years ago by brave firefighters, so I personally am hugely grateful to firefighters. Firefighters serve the community with true professionalism, courage and dedication.

The statistics show that the fire and rescue service is making a difference. Accidental fire deaths have fallen to their lowest level since the 1950s. The latest verified figures for 2006 in England show that 233 people died in accidental fire deaths in the home, but the provisional figures for 2007 are potentially looking even better. They show an 18 per cent. reduction, to 190 accidental fire deaths in the home.

The hon. Member for North-East Hertfordshire queried why the number of deaths of firefighters has been going up when the number of incidents was going down. One death, or one injury, is too many, so I feel uncomfortable talking about figures going down. In fact, the hon. Gentleman is not right. The number of injuries to firefighters has been falling steadily, as has the rate of injury per incident, so I would just like to put it on the record that his assertion is not quite right. However, as I have said, any death is still unacceptable and we are taking the FBU report very seriously, including some of the FBU's recommendations. I hope that the hon. Gentleman will bear with me, as I will swiftly return to those recommendations. I will try to use the avenues or pegs that the hon. Member for Peterborough has given me as I respond, but please bear with me.

Mr. Jackson: On a related issue, the Minister will know that in February the FBU also reported on data on attacks on firefighters. He will also know that there was a significant discrepancy between the official recorded number of attacks, as recorded by the Department for Communities and Local Government, and the number obtained under freedom of information provisions. In any review that he conducts on firefighter safety and training, will he also look at the collation of data in respect of physical assaults on firefighters?

Mr. Khan: Only last night I was reading about the impact of antisocial behaviour on firefighters. May I drop the hon. Gentleman a note on the issue? If he is still unhappy after receiving the note, I will be happy to discuss the issue with him. It is serious and we must ensure that we deal with the pernicious evil in our society, whereby people who go into fires, risking their lives or even losing them, have antisocial behaviour inflicted on them.

As I said, one death would be one too many, but thankfully the statistics are going in the right direction. The service, in partnership with the Government and county councils, has been putting measures in place to support the reduction of deaths. However, as we all recognise, the kind of challenges that the service faces and the conditions in our communities are changing. As the tragic events of 7 July 2005 showed, we have to contend with a new type of terrorist threat. Last year's floods were the worst in living memory and in years to come climate change is likely to make such extremes of weather more common.

I take the point that was made by the hon. Member for St. Albans about recording. We need to record properly what the fire and rescue services do, otherwise it is not fair. I hear her point and I will ensure that I try to deal with it. I would like to drop her a note about that too, because we would not want to use old systems of recording when it comes to working out how efficiently and usefully firefighters are using their time. I would be grateful if I can come back to her on that point.

We have come a long way since the Fire and Rescue Services Act 2004, when we did away with national standards of response and gave the fire and rescue services new flexibility to make local community safety plans that were tailored to local needs, and empowered fire authorities to use resources for a wide range of emergency responses. I hope that the hon. Member for Falmouth and Camborne (Julia Goldsworthy), who speaks on behalf of the Liberal Democrats and who is all in favour of empowerment and devolution, welcomes that system rather than stringent national standards.

We have experienced emergencies such as the terrorist threat and the Buncefield fire in Hemel Hempstead. I pay tribute to the hon. Member for Hemel Hempstead (Mike Penning), who is in Afghanistan. He has championed the concerns articulated by the hon. Member for St. Albans, and I know that he is a mouthpiece for constituents who are rightly concerned. Such emergencies and that of widespread flooding have demonstrated the benefits of mutual aid arrangements in giving an effective response while avoiding unnecessary duplication of specialist resources. As we respond to new challenges, we can surely make the most progress by finding common ground, listening to each other and learning. That is vital to the debate.

The hon. Lady mentioned the three-year settlements for fire and rescue authorities. We are committed to sustainable funding for all fire and rescue authorities, which will allow them to build on modernisation and fund the various efficiency initiatives that are being implemented. As has been said, in the three-year local government settlement announced at the beginning of this year, Hertfordshire county council received an increase of 2 per cent. for 2008-09 on a like-for-like basis. Provisionally, it will receive increases of 1.75 per cent. in 2009-10 and 1.5 per cent. in 2010-11. As has been mentioned, that is protected by the floor dampening mechanism, which means that in each of those years respectively, it will receive £36.7 million, £32.2 million and £21.1 million more than it otherwise would have.

We must accept that Hertfordshire county council has responsibility for fire and rescue and other services throughout the county, not Ministers.

Mr. Clappison: The Minister is right in the figures that he has used about the floor. However, they reflect the fact that Hertfordshire county council suffered a redistribution of funds away from it through the Government's original mechanism, which distributed greater funds to other parts of the country. Hertfordshire county council was left on the floor, which is a protective mechanism. Local residents are still feeling the effects of that decision, about which the Government were warned at the time.

Mr. Khan: I am glad that the hon. Gentleman intervened. I have the figures for the past 10 years, and interestingly the smallest increase was 1.9 per cent. in 1998-99, when we were tied to Conservative spending limits. From then on, there have been increases of 3.9 per cent., 5.4 per cent., 6.2 per cent., 7.3 per cent., 6 per cent. and 4.9 per cent. Opposition Members were not to know that this debate would come a day after the shadow Chancellor's shocking speech, but God knows what would happen if we had a council tax freeze in the hon. Gentleman's constituency and county over the next two years. God forbid that the shadow Chancellor be allowed to have his policies prey upon the people of Hertfordshire.

[Mr. Khan]

Frankly, the hon. Gentleman should thank his lucky stars that he has the current Chancellor in the job rather than the shadow Chancellor.

Hertfordshire county council has responsibility for fire and rescue services throughout the county, as well as for other services. Formula grant is an unhypothecated block grant, which means that there are no restrictions on how the county allocates it to the services that it provides. Deciding on the allocations is a local matter, and the council is best placed to decide on local priorities for the communities that it serves.

I was surprised by the criticism of efficiency savings by the hon. Member for St. Albans. I thought that her party, and the shadow Chancellor, were all in favour of efficiency savings. In fact, we are criticised for not going far enough in requiring county councils, other local authorities, and by extension fire and rescue services, to make such savings. I do not resile from asking all public servants to do so, and I do not apologise for that. Taxpayers' money is finite.

I turn to the matters raised in the FBU report, which the hon. Lady mentioned. She raised the crucial matter of firefighter fatalities, which was one of the key concerns that the FBU raised. Although any firefighter fatality is a tragedy, thankfully the number of fatalities remains very low and the number of injuries to firefighters is falling steadily. Of course, we will continue to work closely with stakeholders to ensure that lessons are learned.

It was extremely unfair of the hon. Lady to suggest that lessons were not being learned or that there was somehow a sham in relation to either the Buncefield incident or the 2005 incident that the hon. Member for North-East Hertfordshire mentioned. He was right that in that case, the breathing apparatus crew rescued an occupant. When they learned that a further person was inside, they went back inside in search of the second reported person. That was when they suffered their injuries. It is worth taking the time to record that, so that they are thanked properly. There is a Health and Safety Executive investigation, and we will take it seriously, respond to it and work with key partners to learn lessons.

On Buncefield, the hon. Lady will know that the hon. Member for Hemel Hempstead would not allow the Government not to take action—she knows him too well. Further work is taking place, and four separate reports have been published and their recommendations implemented. I hope that she will shortly see the fruits of some of the changes that have been made, if she has not already.

The hon. Lady mentioned training. My Department, the Chief Fire Officers Association and the Local Government Association continue to work together to provide support to fire and rescue authorities to ensure, as employers, that staff are trained to undertake their roles effectively and safely. Looking forward, we are keen to work with the service to ensure that training is effective. We are planning research to support continuous improvement in service delivery and share good practice. It should be noted that notwithstanding the difficult times and the policy of some parties to make cuts, we have provided some £50 million of funding for the Fire Service College since 2002, including £15 million to provide a state-of-the-art resilience training facility.

Mr. Heald: The Minister said that he did not want to give his full response to the FBU report "In the Line of Duty" today. How does he intend to respond to it, and when?

Mr. Khan: My officials are currently going through the report thoroughly, as am I. As soon as we are in a position to respond to it, we will. I have spoken to the general secretary of the FBU once, and will be speaking to him again this week. As soon as I make progress, I undertake to alert the usual channels and the hon. Gentleman about the time lines involved. It was worth the hon. Gentleman's raising the matter, and I will not resist his chasing me up every few weeks to see what our response will be. That chivvying is right and proper, especially in discussing such matters.

We have spent more than £7.5 million on work force development projects, to provide training programmes and e-learning facilities and to establish a centre for leadership for the fire and rescue service.

I cannot end without mentioning FiReControl—I do not think that the hon. Member for Peterborough would forgive me. He is right that there is a £1 billion fire and resilience programme for England's fire and rescue services, and I believe that the case for a new national network of control services to handle emergency fire calls is clear. Every area and every constituency in England will benefit from enhanced resilience. Under FiReControl, eight key capabilities will be provided to each and every fire and rescue service, ranging from automatic caller location from land lines and mobiles to real-time information on the location of the resources out on the road and in-cab computers for firefighters, loaded with vital safety information. The hon. Member for St. Albans claimed that no one in Hertfordshire wants that, but that is not the case. Only 10 of the current 46 control rooms have six or more of those eight capabilities, and only two have all eight. They will benefit from being part of a national network that, unlike the present system, can back them up and deploy the right response if they get extremely busy.

Floods have been mentioned. During last year's floods, we all saw the magnificent response of the professionals in the fire and rescue service and the other emergency services. We saw what a brilliant and professional job they did in tough circumstances. It brought home to me and to many others, including our independent adviser Sir Ken Knight in his report on the floods, the need for a national network able to respond to local, regional and national incidents. In short, the need to give the fire and rescue service the tools to face 21st-century challenges such as climate change and the threat of terrorism supports the need for FiReControl.

The fire and rescue service has undergone a period of unprecedented modernisation and change since 2003. It has risen to the challenges admirably, and I believe that it will continue to do so. I welcome the opportunities of my new role as the fire service Minister, and I shall continue to work with the service. I once again congratulate the hon. Member for St. Albans and thank her for raising important issues. If there is any point to which she does not think I have done justice, I ask her to get in touch and I will respond by letter.

Equitable Life

11 am

Jo Swinson (East Dunbartonshire) (LD): I am glad to have the opportunity to lead this debate on Equitable Life. There can be few hon. Members, if any, who have not been contacted by constituents affected by the Equitable Life saga. Given the scale of interest, I am pleased but not surprised to find myself so popular in Westminster Hall today. It is good to see such a high turnout.

When Equitable Life was forced to default on its obligations to policyholders in 2000, we saw the breakdown of the world's oldest mutual life insurer—a humiliating moment for a venerated institution. The shockwaves caused by the failure of a body as huge as Equitable Life are considerable. The report of the parliamentary ombudsman, Ann Abraham—"Equitable Life: a decade of regulatory failure"—is the 13th such report to be published. The post-mortems that have taken place over the past eight years have found fault with this Government and with the preceding Conservative Government. Beyond the blame games, however, one thing is clear: Equitable Life policyholders continue to press their case in the hope of seeing justice done.

Bob Spink (Castle Point) (Ind): The hon. Lady has brought an important subject to the House before it prorogues, so I congratulate her. Is she aware that some Equitable Life policyholders are elderly pensioners, who will die before they can see justice done? Does not that place a new sense of urgency on the Government to act?

Jo Swinson: The hon. Gentleman is quite right that the issue is urgent. In fact, 30,000 policyholders have already died since 2000 and the situation gets worse every week that goes by. It is incumbent on the Government to make a swift response to the report.

In opening today's debate, I will highlight the Government's cynical tactic of delay on Equitable Life and their responsibility to support the role of the parliamentary ombudsman. I will also look at the case for Equitable Life compensation in the context of the bank bail-outs.

The ombudsman's report contains 10 findings of maladministration—against the Department of Trade and Industry, the Government Actuary and the Financial Services Authority—and makes two recommendations: that a full apology should be given to policyholders and that

> "the Government should establish and fund a compensation scheme".

The language used in the report pulls no punches, and its recommendations are clear, precise and straightforward.

Mark Williams (Ceredigion) (LD): I pay tribute to my hon. Friend for securing the debate. Does she agree that it is even more timely, given the support that the Government have given to individual savers in the Icelandic banks, which, while laudable, has compounded the sense of bewilderment among victims of Equitable Life?

Jo Swinson: My hon. Friend makes a good point, which I shall come to later. The Government have spent years adopting a siege mentality towards Equitable Life, but the ombudsman has shown that they cannot hide for ever. Ministers must now accept the ombudsman's recommendation that wrongs should be remedied.

Mr. David Heath (Somerton and Frome) (LD): Does my hon. Friend agree that this is a matter not only of justice for those who have lost money through the Equitable Life debacle, but of the credibility of the ombudsman? If the Government cannot respond to such clear direction from the ombudsman, there is little point in having an ombudsman and we should accept that the whole system is defunct.

Jo Swinson: My hon. Friend is absolutely right; the very credibility of the ombudsman is at stake here.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): That is exactly the point that I wanted to make—about the credibility of the ombudsman. I congratulate the hon. Lady on securing the debate. Will she agree to lead a delegation of cross-party MPs to meet with the ombudsman and show him the extent of feeling on the issue in the House? I should say, her.

Jo Swinson: I would very much like to lead such a delegation to the ombudsman—Ann Abraham. I also—*[Interruption.]*

Mr. Jim Hood (in the Chair): Order. I know that there is great interest in the debate and a lot of hon. Members are in attendance, but I hope that hon. Members will restrain themselves and allow the hon. Lady who has secured the debate to make her case without putting her off with comments or laughter.

Jo Swinson: Thank you, Mr. Hood. Before I move on, I would like to pass on the apologies of my hon. Friend the Member for Richmond Park (Susan Kramer), who cannot be here today due to a long-standing constituency engagement. The Minister will know that she has taken a keen interest in this matter. She made what I thought was a sensible request for him to agree to a meeting with a group of hon. Members who have a large number of Equitable Life cases involving constituents to allow them to put their thoughts to him. I hope he will respond positively to that request.

The Government's response to Equitable Life is overdue, not only in terms of the parliamentary ombudsman's report, which they said they would reply to this autumn, but in terms of time. It is nearly eight years overdue, because ever since Equitable Life came near to collapse in 2000, they have tried to put off, postpone, defer and delay the actions needed to bring this sorry saga to a close. As I have already mentioned, Ann Abraham's latest report is the 13th report on Equitable Life since 2001. We have heard from the Treasury Committee, Lord Penrose, the Corley Institute of Actuaries, the European Parliament and many more. And still, the Government have failed to act to help Equitable Life policyholders, despite now facing a charge of maladministration from the ombudsman.

Lord Penrose was handed the task of reporting on Equitable Life, but was given terms of reference that prevented him from finding anyone to blame. That was an opportunity missed for closure on the case. Furthermore, when the then Financial Secretary, the right hon. Member

[Jo Swinson]

for Bolton, West (Ruth Kelly), made a statement in the House on the publication of Lord Penrose's response, she made a point of the fact that the report did not blame regulators or recommend compensation, despite being fully aware that those were outside the terms of reference given to Lord Penrose.

Again, the Government tried to wriggle out of taking responsibility for dealing with the situation. Far from bringing closure, the Penrose findings prompted the ombudsman to seek to change the law so that she could pursue a more thorough, wide-ranging report, going back much further than her initial investigation.

Ann Abraham initially stated that she hoped to complete her investigation by 2005, but the report took four years to produce. That was not helped by Government obstruction. In 2006, the ombudsman revealed that she had been delayed by nine months, waiting for the Department for Work and Pensions to comply with requests for information. Surely, that is unacceptable.

After a long wait, the ombudsman's report arrived in July. The Government promised to reply by the autumn, and when pressed on that at business questions, the Leader of the House said:

> "The parliamentary ombudsman took four years to construct her report and, as the hon. Lady said, the Government have been considering it for four months." [*Official Report*, 30 October 2008; Vol. 481, c. 1043.]

That is not quite the full story, however, as a draft copy of the ombudsman's report was issued to all interested parties in February 2008. Assuming that Ann Abraham did not radically alter the conclusions of her four-year work between February and July, the Government have been aware of the report's contents for the best part of a year.

David Taylor (North-West Leicestershire) (Lab/Co-op): I congratulate the hon. Lady on securing this important debate. Is she not surprised that during that four-year period, the ombudsman, who is an inestimable woman, was unable to indicate how any compensation scheme might work or give any indication about the overall cost and where it might fall, and that even simple information such as the number of people affected is not included in that lengthy report? Can the hon. Lady account for those lamentable lapses?

Jo Swinson: The hon. Gentleman knows that this is a complex matter and that 55,000 documents were submitted to the ombudsman by Equitable Life alone. Her task was to find where the blame lay and what should happen next. I believe that it is up to the Government to deal with the details of finding out how to implement such a compensation scheme and assessing how much should be paid to each individual. Every individual will have lost a different amount.

Jeremy Wright (Rugby and Kenilworth) (Con): I am grateful to the hon. Lady for giving way and I add my congratulations to her on securing the debate. Does she agree that those who have suffered as a result of this saga would probably be prepared to accept, as does the ombudsman, that the full measure of their loss is unlikely to be repaid to them, but that what they find impossible to understand is why some measure of compensation could not have been worked out by now and paid to them by the Government, who should accept their responsibility?

Jo Swinson: Certainly the Government need to accept their responsibility. The timetable laid out by the ombudsman is that the entire affair should be done and dusted in a little over two years, which most people would see as a fairly swift outcome, given that there has already been eight years of waiting. We all want to hear whether the Government will take the recommendations on board.

Mrs. Caroline Spelman (Meriden) (Con): There are many Members here today, and we are grateful to the hon. Lady for giving us this opportunity to speak for constituents who have lost out.

Further to the point about the level of compensation, is it not ironic that this is the day after the Government were able to make such a huge amount of money available in the pre-Budget report? Comparing the compensation that we are talking about with the amount of money that the Government were prepared to throw at their problems yesterday, it seems even more incomprehensible that they cannot find it within themselves to create a compensation scheme.

Jo Swinson: The hon. Lady is quite right. In fact, she anticipates my next point.

Another opportunity to respond was missed in yesterday's pre-Budget report. The Chancellor found money for a £12 billion cut in VAT and for borrowing at record levels, but again failed to address the situation faced by Equitable Life policyholders. Sadly, unless the Minister has something considerable up his sleeve, I doubt that we will be stunned by far-reaching new comments today.

One reason why I was so pleased to secure the debate was that the Government have been reluctant to discuss Equitable Life in the House. Before the summer recess, the Liberal Democrats tried for three consecutive days in July to secure an urgent debate on the matter. For three consecutive days, our request was denied. Now, finally, we can have a debate, although it strikes me that one of the issues up for discussion ought to be the definition of "autumn" to which the Government officially adhere.

Most people judge the seasons by calendar months, so autumn is September, October and November. Technically, there are still a few days to go, but with House business already programmed, there is no sign that the Government will meet their deadline. Incidentally, in addition to the Equitable Life response, MPs' expenses were also due to be published this autumn, but we now hear that publication may not be before next July.

Does the Government's definition of autumn also apply to Equitable Life? Given that they seem to have such bizarre definitions of the seasons, perhaps they might issue their own calendar so that we know where we stand. Better still, the Government could end the delay now by accepting the ombudsman's recommendations in full and delivering a Christmas present to all those who have been affected.

Mr. Edward Garnier (Harborough) (Con): I congratulate the hon. Lady on securing the debate. I declare an interest as a person who has lost much and will, no doubt, lose more as a result of the Government's handling of the issue. Why is she surprised by their fiddling with the calendar, as they seemed to redesign the dates for the beginning and the end of the economic cycle? Surely, it is all part of a pattern. The cheapest thing they could do, which they will not, is simply apologise.

Jo Swinson: The hon. and learned Gentleman is right to say that an apology should be forthcoming. The Minister could make a start on that today.

The Government's tactic of delay has backfired. The result is a clear, comprehensive report by Parliament's own referee, which contains two simple recommendations that must not be ignored.

Also, as was pointed out earlier, we should not forget that 30,000 Equitable Life policyholders have died since the events of 2000. For those people, it is already too late: justice delayed has been justice denied.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I congratulate the hon. Lady on securing the debate. She has not yet mentioned letters from the ombudsman and the Treasury. I have every sympathy with those who have been affected. The ombudsman stated in her letter:

> "I have suggested that this scheme to remedy relative losses suffered by those who have complained to me, and those in a similar position to those complainants, should be established within six months of any decision by Government and Parliament to do so."

Mr. Jim Hood (in the Chair): Order.

Mr. Donohoe: The ombudsman went on:

> "Once established, the scheme should take no more than two years to complete its work."

Surely that should be the centre of our considerations.

Mr. Jim Hood (in the Chair): Order. The hon. Gentleman must resume his seat. Interventions should be short.

Jo Swinson: Thank you, Mr. Hood. Regardless of any compensation scheme for relatives, it is plainly obvious that justice for policyholders who have died is no longer possible.

According to the ombudsman, the fallout from Equitable Life could have been mitigated if action had been taken earlier. She states that

> "there were lost opportunities to address critical issues earlier".

No more delays, no more dodging the issue—the time has come for the Government to face up to their responsibilities to Equitable Life policyholders.

As I mentioned earlier, the Equitable Life case has serious implications for the office of the parliamentary ombudsman. It is in the interest of the health of our democracy that we have an authoritative ombudsman to whom the Government listen and respond, but that is something that Ministers have been reluctant to support.

An exhaustive 18-month investigation by the ombudsman found the Government guilty of mis-selling occupational pensions to 125,000 people who lost their company pensions without warning or any chance to protect themselves. The Public Administration Committee, the European Court of Justice and the High Court judicial review all agreed that the Government should have protected those people's pensions but failed to do so. The Government continued to resist pressure to pay compensation until December last year, when they finally agreed a compensation package of more than £3 billion.

Another of the ombudsman's reports, in June 2007, looked at tax credits. Appropriately entitled "Tax Credits: Getting it wrong?", the report contained severe criticisms of the Government's use of waivers in respect of overpayments, calling them "unfair and inconsistent". The ombudsman sought to correct faults in a system that causes stress and misery for people such as a constituent of mine who was overpaid by £5,300 and then told that the money had to be repaid within 12 months. In spite of the ombudsman's criticisms, the Government continue to defend their over-complex tax credits regime.

Members of the Government have not always had such a frosty relationship with the ombudsman. Compare the cases that I have outlined with the situation when the Prime Minister was in opposition. An ombudsman investigation was instigated by his party into Barlow Clowes, which collapsed in 1988. It was he who argued that the Government of the day should support the ombudsman over charges of maladministration by the Department of Trade and Industry.

When Lord Penrose published his report in 2004, parallels were drawn between Equitable Life and Barlow Clowes. Speaking in the House after publication of the Penrose report, the right hon. Member for Bolton, West stated:

> "It has been put to us that as the then Government provided redress in the Barlow Clowes case, we should do so with respect to Equitable, but there are major differences between the two cases... In the case of Barlow Clowes, there was a finding of maladministration; for Equitable, there has been no such finding."—[*Official Report*, 8 March 2004; Vol. 418, c. 1257.]

Now there has been such a finding, how can the Government possibly justify failing to act?

Lorely Burt (Solihull) (LD): However Equitable Life conducted itself in making guaranteed promises in respect of pay-outs, it seems that the charge of maladministration should in fact be for the Government themselves for failing, through all their bodies, to regulate and control the activities of Equitable Life. It is now incumbent on them to act.

Mr. Jim Hood (in the Chair): Order. Interventions should be brief.

Jo Swinson: Many thanks, Mr. Hood. I agree with my hon. Friend. In fact, I think that the title of the ombudsman's report, "Equitable Life: a decade of regulatory failure", makes the point incredibly clearly.

The report is a clear, detailed, high-quality piece of work. Four years of effort have gone into its 2,800 pages, with Equitable Life itself providing more than 55,000 documents to the inquiry. The report uses words such as "maladministration". It calls the DTI "complacent" and sympathises with

> "a justifiable sense of outrage"

among policyholders. That is not language that Ministers should ignore. Clearly, the Government's working relationship with the parliamentary ombudsman is dysfunctional if statements as strong as those do not prompt action. That in itself is a situation that needs to be addressed.

Greg Mulholland (Leeds, North-West) (LD): I thank my hon. Friend for her generosity in giving way. Another strong statement is:

> "I have lost more money than I care to think about from my pension due to this deception."

The person who said that was Gordon Brown—not the Prime Minister, but one of my constituents. Does she agree that that Gordon Brown is a little closer to the truth than the other one?

Jo Swinson: My hon. Friend's constituent makes the point very well indeed.

My hon. Friend raises an important point, because if the report were to be ignored, people would simply ask, what is the point of the parliamentary ombudsman? The role would be fatally undermined. That would be a sad situation for Parliament, a blow to our democratic system and a shameful state of affairs for this Government to have brought about.

Mr. Oliver Letwin (West Dorset) (Con): Before the hon. Lady moves off the question of the precision that the parliamentary ombudsman brings to the task, does she agree that the most important statement to be made in that respect was that there was at least a period during which the regulators were in knowledge of the problem and purposely did not reveal it to the public?

Jo Swinson: The right hon. Gentleman is right. That is a truly shocking state of affairs.

Mr. John Leech (Manchester, Withington) (LD): Does my hon. Friend agree with the sentiments expressed by Tom Winsor, the former UK rail regulator, who suggested that the Government would take notice and compensate if only a small amount of money were involved, but because the amount is large—£10 billion rather than £10 million—they are not prepared to take any notice of the parliamentary ombudsman?

Jo Swinson: It certainly could be so, although I am not sure whether the figure estimated is as high as the one my hon. Friend uses. Whatever the reason, the Government cannot pick and choose on the findings of the parliamentary ombudsman. Surely, they need to accept the ombudsman's adjudication on a range of issues, even when they do not like the answer.

The Government are under pressure to pay compensation to the victims of Equitable Life's near collapse. In one sense, that pressure is entirely of their own making. The bank bail-outs of recent months have left the Government in a position in which it is impossible to justify a refusal to pay compensation. Equitable Life policyholders have been waiting eight years. With the Government guaranteeing savings in Northern Rock and putting a rescue plan together for Icesave investors, practically within a matter of hours, Equitable Life customers have been left asking why they are still waiting.

Of course, some cases require greater urgency and Equitable Life is a special case—it is not the same as the banks that have been bailed out by the taxpayer. But these actions will certainly add to the "justifiable anger" of policyholders referred to by Ann Abraham and that anger will be compounded by the sense that the Government have guaranteed savings that were much more high-risk than those in Equitable Life. Equitable Life used to have a reputation as the Marks & Spencer of financial institutions. It was seen as a sound place to invest, not a high-risk venture. The same cannot be said of Icesave, which attracted people seeking higher returns on their money, with a higher element of risk. Equitable Life savers are furious to see these higher-risk investments prompt a rapid bail-out by the Treasury.

Ann Abraham has not put a figure on the compensation that should be paid, but the Equitable Members Action Group has calculated that the figure could be around £4.6 billion, which, incidentally, is the same as the sum required to guarantee deposits with Icelandic banks. In bailing out the banks, the Government have manoeuvred themselves into a corner on Equitable Life. Refusing to pay compensation to Equitable Life savers would be wildly inconsistent with their recent actions.

There are three things that the Minister must do. First, he must respond, not just to me in the debate, but to the ombudsman's report, as promised to Parliament and more than 1 million Equitable Life policyholders. He must stop the delaying tactics and put an end to the years of missed opportunities, policyholders dying without redress and the continuing injustice. If he cannot respond to the report today, he must tell us when he will do so.

Secondly, the Minister must apologise. Ann Abraham is perfectly clear and correct when she talks about a "justifiable sense of outrage" among policyholders. The very least that they deserve is an apology from the Government and an admission that the Government were at fault for the charges laid at their door by the ombudsman.

Thirdly, the Government must set out a credible, transparent and independent process to enter into a dialogue with policyholders over compensation. Redress should happen quickly—the time scale set out by Ann Abraham is two and a half years to complete the process. That way, questions of means-tested hardship funds become irrelevant and justice is done for all.

Anne Milton (Guildford) (Con) *rose*—

Jo Swinson: I am sorry, but I want to conclude.

I end by reflecting on the impact that this has had on individuals, and I know that the experience of my constituents is mirrored by the experiences of others the length and breadth of this country. The Hunters are a retired couple from Milngavie—Professor Hunter is 86—who have seen the monthly return from their Equitable Life investment drop by half since 2000. Mrs. Hunter spoke of feeling "very let down" and "abandoned" when they lost out. She said they felt that they were "given no support" as the value of their investment plummeted. Even eight years after the event, Mrs. Hunter's feeling of injustice is still apparent. She has been promised a copy of the *Hansard* report of this debate, which will be in the post as soon as it is printed. I know she would be grateful to read something in the Minister's comments to give her hope that she and her husband will receive an apology and a compensatory sum for this Government's "decade of regulatory failure".

11.24 am

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I, too, congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing the debate. I also congratulate the members of the Equitable Members Action Group, whose professionalism is outstanding. They have gone through eight years of waiting and they keep on going, and they have provided us with regular—I would not say "monthly"—updates. I take my hat off to them. Some of them are watching the debate. Well done. Do not give up the fight.

As to why we have not had such a debate before, looking at how many hon. and right hon. Members are attending—probably the most I have seen for a 90-minute Adjournment debate—perhaps it is time that we altered how this place runs. Perhaps 100 signatures from among all of us could bring about a six-hour debate on such crucial issues, rather than one of 90 minutes. Given that the Labour Government established the parliamentary ombudsman, perhaps reports from the ombudsman should be binding on the Government. That is something I believe in having seen the blood on the carpet for the next four years after starting the occupational pension debate with ASW Sheerness in 2003. Eventually, we conceded on every single point. Had we conceded within six weeks of the issue arising, the members—125,000 people—would have settled for 50 per cent. As it was, they got 90 per cent. and we were left with a gap of £8 billion in the Department for Work and Pensions budget. It is the same in respect of Equitable Life: had we addressed the matter earlier, we would not be where we are.

I have just over 500 constituents with Equitable Life pension schemes and the issue affects the most people of any that I have ever dealt with. Of course, those people are all different, which makes the problem harder. Although Ann Abraham has said that it would take two and a half years to deal with, I am afraid that I cannot see compensation being paid that quickly. I ask the Minister to consider a hardship fund and a way of administering that as fast as possible. It is simply not fair to ask people in their late 70s and 80s to wait another two and a half years, by which time they may have died.

In respect of occupational pensions, there was a resolution for widows. I wonder whether the Minister will consider that too. After all, we are talking about people's savings—and their savings have gone. It is tough talking to them. All hon. and right hon. Members have such people in their constituencies.

I do not want to repeat what the hon. Member for East Dunbartonshire has said, because much of it is accurate and I want other hon. and right hon. Members to have their say. But considering the matter as a whole, Equitable Life expanded sixfold in the 1990s—from £5 billion to £30 billion—by voting excessive policy bonuses. How on earth could the board do that? It paid out to retiring policyholders more than had been earned by their investment, so there was a policy lag. How on earth that was not picked up by the regulatory bodies I do not know. As a consequence of it, the policies of current Equitable Life policyholders are not covered by the investments of the past.

Equitable Life tried to change or alter the issue by offering a range of different products. However, when push came to shove, the company closed to new business in December 2000—and here we are, eight years on. The old directors resigned and the good bits of the business were sold off—the offices, the client list, the staff and unit-linked business. The new directors slashed policies by 16 per cent. in July 2001 and put in place a compromise scheme to deal with the guaranteed annuities, but that was not enough. Another 10 per cent. was cut off the value in 2002. By then, the society was entirely invested in fixed-interest stocks and could not take advantage of rising markets. It is now being run down and broken up, as everybody knows.

Despite Lord Penrose and despite the ombudsman, we have done nothing. It is important that the Minister not only responds to some of the accusations made by the hon. Member for East Dunbartonshire, and to what all hon. and right hon. Members feel, but considers doing so before the Christmas recess—not on the last day of this part of the House of Commons calendar, but next week or the week after. It is neither reasonable nor fair to leave it much longer.

I know that many hon. Members want to speak, but I ask the Minister to think of the morality of the situation. That is ultimately what the Government said about occupational pensions: they accepted the morality of the argument, but took five years to come to the dance floor and pay up. Will the Minister please tell us that there will be no more delay and that the Government will pay up?

11.30 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing this important and timely debate. I have received hundreds of letters from my constituents in Shrewsbury highlighting their extraordinary frustration, irritation and deep concerns about the Government's lack of action. For the record, I declare an interest. My mother-in-law is with Equitable Life, and has provided me with information for today's debate.

I want to raise a specific matter with the Minister. With-profit annuitants are a small percentage of the policyholders—only 50,000 in 1 million—but their losses are estimated to be £6.2 billion, which is approximately 60 per cent. of total losses and claims for compensation by all policyholders. Unlike investors, who could have taken their money elsewhere, although admittedly by accepting a market value adjustment, WPAs could not. When they had purchased the annuity, they were locked in. WPAs are retired, old and often ill, and they cannot supplement their lost income in any way. Will the Government accept that they are a separate class of claimant and ensure that they receive their fair share of any compensation?

The Government's line will almost certainly be to misquote Lord Penrose and to say that the society was

"the author of its own misfortunes."

Lord Penrose said that, but it was heavily qualified. Why do the Government persist in misquoting him?

The Government will also argue that some losses incurred by policyholders were due to market forces and outside the Government's control. No other comparable pensions company in the world failed at the same time. What was so special about the Equitable Life Assurance Society? Evidently, it cannot have been market forces. If the collapse of ELAS was caused by market forces, why did it fail uniquely?

Andrew Stunell (Hazel Grove) (LD): Does the hon. Gentleman agree that the regulatory system was not fit for purpose when it came to controlling Equitable Life, and does he further agree that the Government have not been fit for purpose in investigating the matter since?

Daniel Kawczynski: I totally concur with the hon. Gentleman. I am particularly impressed that the hon. Member for Sittingbourne and Sheppey (Derek Wyatt), who was a Parliamentary Private Secretary, has shown great courage in raising the issue with the Minister. That shows how, across parties, people feel so strongly.

I shall be brief. The Government will say that, yes, there was misregulation, but that it was only a partial cause of the losses, and that they will pay only a partial amount in compensation. In the case of WPAs, had there not been misregulation, the annuitants would not have bought such annuities. They are unique in that, unlike other sorts of annuity offered by the society, an ever-increasing proportion—up to 50 per cent.—is unguaranteed and can be withdrawn, and indeed was withdrawn in 2002.

Other sorts of annuity, such as guaranteed-level annuities, fixed escalating annuities and index-linked annuities, are all 100 per cent. guaranteed, and the society is legally obliged to set aside funds to meet current and all future obligations. Without that misregulation, WPAs would not have bought such annuities, and their income would have been guaranteed and completely isolated from market forces.

Will the Minister confirm that, in the light of that, no adjustment for market forces or company mismanagement will be applied to the claims for compensation made by the WPAs? The Government will try to argue that there is a limited public purse, that they cannot meet the full claim for compensation and that some form of means-testing should apply so that only the poorest receive any payment. The problem with that logic is that WPAs' losses lie increasingly in the future, and will increase with the passage of time. Thus, someone who fails the means test today might qualify next year or later, but by then it will be too late. That is iniquitous and not warranted.

My final question is, will the Government confirm that they will pay compensation to claimants pro rata, irrespective of their current financial status?

11.35 am

Greg Mulholland (Leeds, North-West) (LD): I congratulate my hon. Friend the Member for East Dunbartonshire (Jo Swinson) on securing this important debate, and I echo my point that it is a great shame that it is taking place in this Chamber and that we have not all had a chance to contribute properly to it. I hope that the huge number of hon. Members here today will encourage the Equitable Members Action Group a little. I join in paying tribute to it for what it has done, and I hope that the debate brings justice a little closer.

I have three charges to level against the Government, who have fallen into three unpleasant habits. First, they have been mealy mouthed. Secondly, they have dragged their heels. Thirdly, they have put their hands over their ears and said, "La, la, la." They have been mealy mouthed because they have not said sorry to start the process. How can they not accept that they should have said sorry many years ago?

The delay has been one of eight years, and there have been 13 reports just about something happening in the future. Finally and most seriously—this point has been made by other hon. Members—the Government have thought it acceptable to ignore the ombudsman's recommendations. It has been powerfully stated today that that brings the whole system into disrepute, and I hope that that message goes out from this Chamber today.

Mr. David Drew (Stroud) (Lab/Co-op): I want the matter to be settled, because I have constituents involved, as have all other hon. Members. I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing the debate. However, it is fair to say that the problems started in the early 1990s, and we must make it clear that the real blame lies with the management and the regulator at that time, who should have picked up the problems far more quickly. Does the hon. Gentleman accept that although what happened subsequently was wrong, we should examine the history and learn some lessons from it?

Greg Mulholland: I think we all agree that what happened in Equitable Life was, to use a simple phrase, a dog's breakfast, which was very much the fault of senior management, but our job is to scrutinise the Government. The Government failed to regulate properly and have not adequately responded. That is the point, not what happened years ago. I agree that successive Governments have been involved, but that is no justification for the Government dragging their heels in recent years.

Mr. Alan Reid (Argyll and Bute) (LD): Does my hon. Friend agree that the regulator is the responsibility of the Government, and that if they do not pay compensation in this case, there will be implications for regulation in every other industry? People will lose confidence in regulators if the Government are not shown to be responsible in this case.

Greg Mulholland: Absolutely. My hon. Friend makes an important point. There is a lack of confidence in the regulatory framework, which can only be made worse by this sort of process.

What the vast majority of hon. Members are calling for loud and clear is the Government setting out a credible, transparent and independent process to enter into dialogue with policyholders to talk about compensation and explain how the ombudsman's authority can be re-established, because it has clearly been undermined.

Anne Milton: I thank the hon. Gentleman for giving way; he is being very generous. Does he agree that it is not so much the history that matters now, and that what matters to policyholders in my constituency is their future? They have been waiting far too long. There will be time to go over the history of what happened—why and so on—but what matters now is that people receive the compensation for which they have waited far too long. I sincerely hope that the Minister will take note of the questions that have been asked, and not hedge any of them, because policyholders in my constituency will be angry if they do not receive clear answers.

Greg Mulholland: Of course the point is about individuals. It is important to remember that we are talking about individual people and the effect that this matter has on their lives. Let me quote some individuals in my constituency. In a letter to me, Mr. Wilson said:

> "I am in my eightieth year and my wife is eighty two, both of us started work at fourteen years of age and never once in our working lives have we asked for, or expected, state hand outs... We do not ask for this now, but justice to right a wrong."

Mr. John Morgan urged all of us in Parliament to call on the Government to do the decent thing before more pensioners die waiting for justice, as so many have done in the past seven years.

Mr. Lewis said:

> "Both myself and my wife are two of more than one million Equitable Life victims who lost a substantial amount of our personal pension policy after Equitable closed its doors... I would add that we do not fit the bill as one of the illusory 'fat cat' rich professionals that it suits Gordon Brown to characterise Equitable Life investors as being."

I am sure that we all wish that many other such voices could be heard in the Chamber today. I have many more cases, and there will be many thousands of others that people have raised.

The matter can be rectified—it should have been rectified a long time ago—by the Government finally stopping their delaying tactics and responding to the report.

Annette Brooke (Mid-Dorset and North Poole) (LD): Obviously, justice is important. People have saved and done the right thing, and they are being punished. When confidence in the economy is vital, is it not important that there is confidence in the Government, in savings and, more importantly, in preparing for old age?

Greg Mulholland: Absolutely. The situation in which Equitable Life investors find themselves must be taken into account in the current financial situation.

It is time that the Government fully accepted the recommendations of the ombudsman and opened proper negotiations with Equitable Life savers. Crucially, it is time for the compensation process to start before yet more people die. The Government must stop whistling in the wind, open their eyes and ears, and get their hands out of their pockets so that justice can be done.

11.42 am

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing the debate. As she knows, this has been a live issue for a considerable period of time. I spoke about it quite a lot in my first year as a Member of Parliament in 2001-02, not least because one of my constituents, Sir Gordon Downey, was a leading light in the policyholders' group, and he made contact with me at the time. The issue seemed to die off. There was a lot of debate in the early part of the century, and then again in recent months.

Like many hon. Members, I have been sent letters from 50 or 60 constituents who are desperate to know whether the Government will implement the ombudsman's recommendations. Some have lost many hundreds of thousands of pounds. Although other losses have been much more modest, they are, none the less, more significant because they are suffered by people living on a fixed income.

The much-delayed report was very comprehensive and made it clear that policyholders should be compensated. After the ombudsman's rigorous investigations, she gave all the parties concerned ample opportunities to contest her findings. She concluded that the regulators were guilty on 10 separate counts of maladministration. I believe that it is incumbent on the Government to honour that conclusion, because many of the regulatory failings took place on their watch, and to set up a proper compensation scheme.

It is easy to make comparisons with what happened in relation to Northern Rock and the other £37 million bail-out. From the Government's perspective, I can see that there is a distinction to be drawn between depositors in banks and policyholders in organisations such as Equitable Life. Although I am not suggesting that the two are entirely comparable, I hope that the Minister will have some sympathy with the plight of Equitable Life policyholders. As the hon. Member for Leeds, North-West (Greg Mulholland) said, the matter would have been treated somewhat differently had it not been for the fact that the pensioners are regarded as mainly a middle class and relatively affluent contingent. I accept that depositors in banks should be treated differently, but what is unacceptable, as the hon. Member for Sittingbourne and Sheppey (Derek Wyatt) pointed out, is the Government's delay in making any decisions in relation to policyholders. Many are dying while waiting for resolution of this sad affair.

I have made my position on the matter clear to the shadow Chancellor. I asked that my party maintains its support for compensation should it be elected to Government. He responded by saying that he has called on the Government to admit their responsibility, issue the apology for which many have called and ensure that a payment scheme is created, which is what the ombudsman has demanded. My hon. Friend also stated that if the Government do not do that, a Conservative Government will do so as a matter of priority.

Mr. Christopher Chope (Christchurch) (Con): That is one of the most significant and helpful comments that has been made during this debate—that an incoming Conservative Government will do the business that the Government seem so reluctant to do.

Mr. Field: I hope that I have made the point forcefully enough, but it has been reinforced by my hon. Friend.

I shall touch briefly on some of the heartfelt comments from one or two of my constituents. Mr. MacDermott of Motcomb street in Belgravia said:

> "I cannot claim poverty but I can safely say that at 77, I might well have been happily retired rather than continuing working so as to provide for my wife and two university-aged children."

Mr. Ronald Moss of Westbourne terrace in Bayswater said that he retired in 1996. In the following financial year, his gross monthly retirement income from Equitable Life was £413.82. Exactly 10 years later, the amount had dropped to £194.83, and that was an overwhelmingly large element of the money on which he lived. He is receiving 50 per cent. less in this decade at a time when the standard of living is rising by about 3 per cent. a year.

[Mr. Mark Field]

Mrs. Valerie Walsh of Bedfordbury in Covent Garden said:

> "If I had received my full pension pot I would not now be struggling just about the poverty line."

Because she earns that relatively modest amount it is impossible for her to claim any of the housing help and benefits that are available to lots of pensioners.

Mrs. Monica Harkin of Vincent square said that she left the Foreign Office in her mid-40s and was persuaded to transfer a civil service pension to Equitable Life, not in the expectation of a huge pension pot at the end of her 41-year working life but simply because it was a safe and well-run organisation. It has turned out to be a foolish decision. In addition to the pension, she invested a large amount in the society. Her combined losses, which became apparent at the point of her retirement, were astronomical.

I could mention a number of other constituents, but I know that other hon. Members want to speak. Most of the people who have lost out—those who are still alive because many have died during the squabbling—do not have the option of returning to the workplace to make their way in life. They are often in their 60s, 70s or 80s and the Equitable Life money was the most important part of what should have been a relatively relaxed and quiet retirement.

I hope that the Government will consider the issue as a matter of urgency. Figures have been bandied around—a £4.5 billion package has been mentioned. Most Equitable Life policyholders to whom I have spoken are quite realistic about the numbers. They do not expect to get everything back because it is difficult to quantify. None the less, the fact that it is difficult to quantify, as my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) pointed out, should not mean that there is no opportunity whatever to obtain some compensation, which is urgently required by many of our constituents.

Mr. Jim Hood (in the Chair): I have come to the end of the list of the hon. and right hon. Members who requested to speak in the debate. Thanks to their brevity, I am minded to take Front Bench speeches at about 12 o'clock. We have room for one or two brief contributions from Members who want to speak but did not put in a letter.

11.49 am

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): I had no intention of speaking this morning, but I want to put on record some of the elements of this case that have been brought to my attention both by the ombudsman herself and by the Treasury. First, however, I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on obtaining this important debate.

Of course, in discussing the matter, we must also reflect on what else is happening in Government where compensation is the nature of the beast. During the past few years, other eloquent cases for compensation have been made for people who felt aggrieved. I shall mention only one: Farepak. I know that my hon. Friend the Member for North Ayrshire and Arran (Ms Clark) has capably put that case to the House. If every instance of a problem in the private sector were to be relieved by Government compensation, I do not know what risk would be left in the private sector—it would be a big problem for compensation to be almost automatic in the event of the failure of a firm.

Daniel Kawczynski: The hon. Gentleman says that there cannot be compensation in relation to all companies. However, why are the Government compensating people who have deposited in foreign banks in Iceland, but not those who have invested in a reputable British pensions company, such as Equitable Life?

Mr. Donohoe: I have every sympathy with the people affected. Constituents have been to see me and, of course, I have great sympathy with their cases. However, I have to say to the hon. Gentleman that there is, or should be, a calculated risk on the part of any individual who invests their money—particularly, in relation to certain cases that have come to my attention where members have invested on the basis that additional interest rates would be paid because of the calculated risk that they took. People have to accept that and, in the main, they do. Those who are reasonable and have been to see me about the subject seem to have had a fairly clear idea of what they were after. Lots of people realised that they were taking a risk when they made the investment.

I have the following questions for the Minister. When did the matter first come to the Government's attention? Was it in 1997 or were they aware of it before then? In a letter to me from the ombudsman, she says that she was investigating the matter before December 2001, so it seems that the issue has been going on for some time. What was the role of the Financial Services Authority? As far as this and other issues are concerned, was it not the Government who introduced the FSA and were responsible for the introduction of the ombudsman service itself? I am sure that justice must be seen to be done, but people are aggrieved about what has happened.

Anne Milton: Does the hon. Gentleman agree that it is not just about justice being seen to be done but about justice actually being done?

Mr. Donohoe: I say what I say. As far as I am concerned, it is a case of justice being seen to be done and that has to be addressed by the Government themselves.

I have one more point for the Minister. I have a letter from the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Burnley (Kitty Ussher), who was at the time a Treasury Minister. In the letter, she states that the length and complexity of the matter means that the Government will need to consider the report carefully during the summer,

> "before giving its response to the House in the autumn".

The autumn is gone; we need a response soon.

11.53 am

Mr. Andrew Tyrie (Chichester) (Con): I am grateful to the hon. Member for Central Ayrshire (Mr. Donohoe) for being so brief. I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on her speech. She spoke of a cynical tactic of delay and a siege mentality. That is exactly what we have experienced from the

Government. The parliamentary ombudsman herself described it as "iniquitous and unfair" that the Government failed to establish one single good inquiry in 2001. I would like to add some detail to the shocking litany of obstruction that I personally encountered when I was shadow Paymaster General and tried to deal with the issue.

One of the key strategies was, of course, to hold inquiries with restrictive terms of reference—for example, the Penrose inquiry. Unfortunately for the Government, the Penrose report found serious failings by the regulators and serious maladministration.

Another crucial obstacle put in the way of getting to the truth was the attempt to prevent the report we are discussing from ever being published. It is important that the public are reminded that the Government argued that the ombudsman had no statutory authority to investigate the regulatory failure and maladministration found in the Penrose report. That was because the Government Actuary's Department was not listed as one of the departments for which the ombudsman had oversight. I was surprised by that so, in spring 2004, I consulted the Parliamentary Commissioner Act 1967.

I discovered that the Government could amend the Act by a negative resolution of the House to incorporate the Government Actuary's Department—in fact, they could do it by a flick of a pen. I immediately wrote to the then Minister, the right hon. Member for Bolton, West (Ruth Kelly) and asked her to do so. I also checked out the matter with the parliamentary ombudsman and went to see her to discuss it. In fact, I went with the hon. Member for North Norfolk (Norman Lamb) and I thank him for his assistance in thinking the matter through.

I received a reply from the right hon. Lady that there would be no point in amending the 1967 Act—I challenged her on that in the House—because the ombudsman could not act retrospectively. My suggestion would, of course, involve retrospection. I found that curious, so I went back to the 1967 Act where I found another clause that permits retrospective investigation by the ombudsman. I raised the matter for a second time on the Floor of the House. Of course, I got a nil return. I am sorry that I have so little time to talk about this, but I would like to thank the hon. Member for Bolton, South-East (Dr. Iddon), I think—*[Interruption.]* No, I am sorry. It is the hon. Member for Norwich, North (Dr. Gibson).

Dr. Ian Gibson (Norwich, North) (Lab): The hon. Gentleman needs to put some different glasses on.

Mr. Tyrie: I have another pair, but I do not think they will be any help. I particularly thank the hon. Member for Norwich somewhere or other, who helped me to produce an early-day motion. I also thank the hon. Member for Twickenham (Dr. Cable) who is not in the Chamber today and my right hon. Friend the Member for West Dorset (Mr. Letwin) who is—I think I managed to get those constituencies right. I also thank the campaigners for EMAG—the Equitable Members Action Group—and the other pressure groups that have helped enormously. As a result of all that pressure, we were finally able to get the Government to concede and make an amendment to the 1967 Act in relation to inquiries by the parliamentary ombudsman. That is why we have the report we are discussing today.

I acknowledge that the Minister has an unenviable job. He will have to try to justify the unjustifiable—the accumulated detritus left by the previous holders of his job. I understand the difficulty of his position, but I strongly urge him to accept the need for compensation in principle as soon as possible. In particular, I urge him to take account of the plight of the late joiners, who were relying on assurances from the Government and their agencies that Equitable's finances were okay and that Equitable was sustainable. They joined the organisation at a time when everybody should have known that Equitable was, in fact, in a parlous state. While the Government were giving those assurances, the Government Actuary's Department was asleep on the job. The report makes that perfectly clear—asleep on the job just about fits the bill for the scale of the maladministration. We cannot go on like this: we must provide a reasonable level of compensation for those who have been so grievously hit. It is iniquitous that we have had to wait since 2001 to get as far as having the report.

I congratulate my hon. Friend the Member for Cities of London and Westminster (Mr. Field) on his excellent speech and his description of the sense of realism that informs so many of the letters we have received. That, too, should be borne in mind by the Minister. People accept that they will not receive full compensation, but they now need—

Ms Katy Clark (North Ayrshire and Arran) (Lab): Will the hon. Gentleman give way?

Mr. Tyrie: I hope that the hon. Lady will accept that I cannot give way because I do not have time.

Will the Minister at least accept that we need some compensation, even if it is not full compensation, for the many tens of thousands of people who have been so badly hit by this maladministration?

[ANN WINTERTON *in the Chair*]

12 noon

Mr. Jeremy Browne (Taunton) (LD): I congratulate my hon. Friend the Member for East Dunbartonshire (Jo Swinson) not only on securing the debate, but on the masterful way in which she put her case on behalf of many hon. Members from all parties who had the opportunity to hear her speak. However, it is shameful that it took a Liberal Democrat MP to secure the opportunity for us to make the case in a debate on behalf of our constituents, rather than the Government making time available in the main Chamber. As a constituency MP—I know this is true of every MP in the Chamber—I have received dozens and dozens of letters from constituents who are extremely distressed by the circumstances in which they find themselves, and dismayed that the Government have dragged their feet and been unwilling to show greater resolve.

It is worth remembering that it was due to failure of the management of Equitable Life that the company was allowed to get into the position that it did, but it is also right to say that regulatory failure allowed that to happen unhindered by the Government. The Government, through the Department of Trade and Industry, the Financial Services Authority and the Government Actuary's Department, had responsibility for ensuring that the company acted properly and prudently. As has been

[Mr. Jeremy Browne]

said, there have been 13 reports on the failure of Equitable Life, all of which concluded that the company was not performing satisfactorily in the interests of those who were depositing money with it.

Ms Katy Clark: The hon. Gentleman will be aware that the parliamentary ombudsman described the regulators as "passive, reactive, and complacent". Does he agree that one lesson that has to be learned from what has happened in this case and much else that we have seen in the financial sector in recent times is that we need far stronger regulation—indeed, we need a culture such that regulators have the confidence to intervene?

Mr. Browne: I take that point. In a way, the case was a dark sign of further regulatory failures to come. The hon. Lady leads me neatly on to the report, which has already been widely discussed, by Ann Abraham, the parliamentary ombudsman. As we were reminded, she entitled her report "Equitable Life: a decade of regulatory failure". One almost does not need to go any further than the executive summary in the title of the report, because it tells us all we need to know. The hon. Lady said that the DTI's oversight of Equitable Life had been described as "passive, reactive, and complacent". The ombudsman said that the Government's restrictions on earlier inquiries were "iniquitous and unfair" and that the FSA's regulatory efforts had been

"largely ineffective and often inappropriate",

and that there was a "justifiable sense of outrage" among policyholders that compensation had not been forthcoming.

Ann Abraham spoke recently before the Select Committee on Public Administration. If you will forgive me, Lady Winterton, I shall give a slightly longer quote. When giving evidence on 30 October, she said—this gets to the nub of the issue—

"The regulators were on the bank watching this pleasure steamer sailing over the edge or towards the edge of Niagara Falls. All of the information was there in front of them, and they could even see this boat taking on more passengers"—

that point was made by the hon. Member for Chichester (Mr. Tyrie)—

"But it was heading for disaster. But somehow, there was a sense, because it was Equitable, they were somehow going to do a miraculous U-turn. There was a sense that this was Equitable and it could not go down."

Of course, that confidence proved not to be justified. It is an important point that savers were led to believe that they were investing their money in a reputable and safe institution. Some people, including an hon. Member who spoke earlier, might say that they should not have come to that conclusion. Nevertheless, people felt that they were investing their money in a reputable and safe institution, so their shock was all the greater when they found that was not the case.

The Equitable Life fiasco was caused by systemic failures before 1997—it is worth pointing out that there were failures for many years before the difficulty became apparent—but also by political failures since 2000. The behaviour of the Government in delaying taking action has been unacceptable. They must admit their regulatory failures and start to explain how they will negotiate with policyholders. The Minister has a perfect opportunity to do so in today's debate. The Government have refused to redress the losses on the grounds that they cannot underwrite every company, but policyholders have lost out because of the Government's failure properly to regulate Equitable Life's undertakings. I accept that the company should shoulder some of the blame, as should the individuals responsible, but there is no point in having a regulatory system if it fails in its core task of regulating. There must be some accountability if the regulators do not discharge their duties properly.

Mr. Letwin: The hon. Gentleman is now at the nub of the issue. Does he agree that there is a difference in kind between a structural problem with regulation and a case in which regulators know that the thing is going wrong and do not take the steps required to remedy it? Is it not the second case that we are dealing with?

Mr. Browne: I am grateful to the right hon. Gentleman for that extremely helpful intervention. Both the former case, which is less malign but still points to inadequacy on the part of those doing the regulation, and the latter are much to be regretted, and it is worth the Government acting on both, but that is particularly the case if the regulator knows that the situation is worsening, yet people are still allowed to put their money into the organisation. In that case, there is a greater moral failure as well as a regulatory failure.

Equitable Life was seen by our constituents and people throughout the country as a low-risk organisation. It has already been said that the Government have bailed out Northern Rock and Icesave—an organisation that was far more reckless in its practices, or appeared to be to the public who were putting money in, and appeared to be a much higher risk. Equitable Life, however, was largely invested in by people who were instinctively rather cautious. One might say that they typically represented the prudent values of middle England savers and therefore were seeking not to make a quick buck, but to find a refuge for their life savings.

Mr. Heath: Is there not another interesting distinction in respect of the Icelandic banks? I do not think that anyone is suggesting that the British Government had any culpability in the case of the Icelandic banks, yet compensation is apparently payable, but in this case, where the culpability of the regulators and the Government has been clearly shown by the ombudsman, they are reluctant to provide compensation.

Mr. Browne: My hon. Friend makes a brilliant point. It is wholly irrational for the Government to go down the path of compensating depositors with the Icelandic banks but not those who invested in Equitable Life. If the Government refuse to do that, a judicial review sought by the Equitable Members Action Group—during the debate we have heard much praise for its work—will cost the taxpayer much more.

I agree with the point that was made strongly by my hon. Friend the Member for East Dunbartonshire. The Government have shown bad faith again because although they promised to bring this matter before the House and bring it to a head in the autumn, here we are on 25 November—a month from Christmas—and there is no action at all. Had my hon. Friend not secured this debate, we would not have the opportunity to have the Minister before us today.

It is critical that the Government set out a credible, transparent and independent process to enter into dialogue with policyholders about compensation, and ensure that the ombudsman's credibility is not undermined and that her role is strengthened, rather than becoming entirely redundant. The Government have already ignored the ombudsman's reports on tax credits and occupational pensions, so this is my concluding big point: if the Government continue to behave in that way, it will surely have the consequence—unintended perhaps—of deterring people from investing their money in saving schemes for their retirement. It cannot be in our collective interest that people become increasingly reliant on state pension contributions because they do not trust private investments, due to their lack of trust in the regulatory system that underpins them. There is a wider interest for the Government in trying to ensure that people have confidence when saving for their retirement, but there is a more precise moral obligation on the Government to act on behalf of all those who lost money through Equitable Life, through no fault of their own.

12.10 pm

Mr. Mark Hoban (Fareham) (Con): I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing the debate. She clearly set out the case, which has been made time and again, why the regulators let down policyholders in Equitable Life. I also congratulate all the other hon. Members who have taken part in the debate. I particularly mention my hon. Friend the Member for Chichester (Mr. Tyrie); without his hard work and investigation, we would not have an ombudsman's report to debate.

Forcing the Government to accept that the Government Actuary's Department should be included among the bodies that can be investigated by the ombudsman, and ensuring that the remit was retrospective, gave the ombudsman the opportunity to publish a critical, damning and well-thought-through report. The report offers my constituents and those of other hon. Members the justice that they have been seeking for so long; the recognition that they have suffered loss because of regulatory failure; and, above all, closure—that this long-running saga can at last be brought to a close.

In the four months that have passed since the Minister received the ombudsman's report, we have had not one word from the Government in response. In the meantime, the Government have proved their ability to move quickly. For instance, others have mentioned the speed with which the Government acted to protect savers in Icelandic banks. However, when it comes to discussing the ombudsman's report and tackling the problems of Equitable Life, they have been sitting on their hands.

That lack of response implies a desire by the Government to wriggle out of compensating policyholders for what the ombudsman described as a decade of regulatory failure. Why have the Government failed to respond over the last four months? They have seen the report, and were involved in the process of finalising it. They made their own submissions to the ombudsman over the years, yet they still have not reached a conclusion on how to respond to her findings.

It is time for the Government to respond to the report, to make the apology recommended by the ombudsman and to make payments to policyholders that reflect their losses. They may try to wriggle out of doing so, and they may use Lord Penrose's words and say that Equitable Life was the author of its own misfortunes; but for a decade regulators failed to follow up the warning signs, and their failure to act resulted in opportunities being missed to force management to act properly and avoid the losses suffered by policyholders.

In his report, Lord Penrose was critical of the regulators as well as of Equitable Life. In chapter 19 of his report, he said:

> "There was a general failure on the part of the regulators and GAD to follow up issues that arose in the course of their regulation of the Society, and to mount effective challenge of the management."

In chapter 16, he wrote:

> "The Treasury remained wholly passive, depending on GAD to initiate any action required...It is difficult to avoid the view that regulation was falling between two stools, the major player in discussions having no regulatory power, and the empowered regulator having little part in the processes that would have instructed regulatory action."

In chapter 17, he stated:

> "If GAD or FSA had considered that Headdon's take-up rates could not be justified, one might reasonably have expected discussions before the Society submitted its return. It is difficult to identify good reason for inaction, possibly in the hope that the Society would have changed its mind by the time of the return."

Those three extracts from the Penrose report demonstrate the failure of the regulators to deal with Equitable Life.

The failings found by Lord Penrose flow through to the ombudsman's findings. She found 10 counts of maladministration. They included the regulator's failure to challenge the fact that the same person occupied the roles of chief executive and appointed actuary, the lack of effective scrutiny by the GAD and the fact that the FSA failed to act on behalf of the Treasury from 1998, both before and after the House of Lords decision.

There can be no doubt that if the regulators had performed their role properly during that period, they would have protected policyholders from a management team that put the society and its members at risk. The regulators repeatedly failed to use the information they had to challenge Equitable's management, and each time they failed to challenge management was an opportunity missed. I give one example from the ombudsman's report.

The ombudsman's fourth finding was that the GAD did not question or seek to resolve questions within the society's regulatory returns for each year from 1994 to 1996 relating to four areas. She said:

> "One consequence of this failure was that an early opportunity was lost to address the issue of the Society's practice as to reserving for guaranteed annuity rates. Another consequence was that the Society's liabilities were considerably understated."

Understating liabilities and inadequate reserves presented the society in a better light than was appropriate. Instead of ringing the alarm bell, the regulators sat back and let policyholders suffer. That was only one of the many occasions when the regulators could have acted and prevented policyholders from suffering loss.

Having found maladministration and that policyholders had lost as a result, the ombudsman recommended compensation. There is no quick fix to determine how

[Mr. Mark Hoban]

much compensation should be paid, but we accept that because of the maladministration payments should be made. We need to assess the scale of individual losses, but the Government need to move quickly. As we heard earlier, many investors are elderly and we should seek to reach a settlement sooner rather than later, so that they can see that justice has been done.

We also need to recognise that not all the losses suffered by policyholders were due to regulatory failure. At the time of the write-down in policy values in July 2001, other companies were cutting bonus rates because of poor market conditions, so payments should be made to reflect the relative loss that people suffered. As the ombudsman recognised, it is vital that payments made under the scheme should take into account the state of public finances. Although they have deteriorated sharply since she reported four months ago, the financial position of many Equitable Life policyholders will have deteriorated further

I could go on for longer, but as this is the first opportunity for the Minister to respond to the House on the ombudsman's report, I shall conclude. There is only one step that the Minister has to take today. He has to admit responsibility for the failure, issue the apology demanded by the ombudsman and create the payment scheme that she called for in her report. If the Government fail to do that, we will do it when we are the Government.

12.17 pm

The Economic Secretary to the Treasury (Ian Pearson): I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing the debate. I know from my postbag that the events at Equitable Life are of concern to the constituents of many Members. Indeed, the fact that 30 Members of Parliament have attended today's debate clearly demonstrates the strength of feeling about the issue and its importance.

I do not propose to discuss the situation prior to the issuing of the ombudsman's report, or the criticisms made by some hon. Members that the Government have acted in bad faith or have been dragging their heels—other than entirely to reject those accusations and say that such comments are unfair and uncharitable. However, I shall say something about the period since the ombudsman reported.

I shall summarise the background to the debate. Equitable Life is well known to many Members. Established in 1762 as the world's first mutual life assurance society, it was a major player in the developing market for personal pension and additional voluntary contribution plans during the 1980s and 1990s. The society's products were principally based on its with-profits fund.

Mr. Chope: Will the Minister cut out the guff and get to the point? When will the Government respond to the ombudsman's report?

Ian Pearson: As I shall explain in a few moments, the Government will shortly respond fully to the ombudsman's report.

From the late 1950s until June 1988, Equitable Life sold significant volumes of with-profits policies that included a guaranteed annuity rate. Those policies provided a fixed rate at which the policyholder was entitled to purchase an annuity on the maturity of his or her policy. After that date, all policies were sold without the GAR. During the 1990s, the GAR became increasingly attractive as the income that would be available from an annuity purchased in the market fell, for the first time, below the guaranteed rate, with resulting financial implications for Equitable Life.

Equitable Life's policy of reducing terminal bonus payments to policyholders who exercised those valuable guarantees when purchasing their annuities was tested in the courts as a result of a growing number of complaints from policyholders. In July 2000, the House of Lords found the practice unlawful. In order to meet an estimated liability of £1.5 billion resulting from the judgment, the society decided that it was in the best interests of members to seek a purchaser. Following Equitable Life's failure to find a buyer, the board of the society announced in December 2000 that the only realistic option open to it was to stop writing new business. The focus of policyholders' concerns has been whether Equitable Life's closure to new business could have been prevented.

Mr. Tyrie: Instead of reading out a summary of what we all know happened—it can found in the Penrose report, ministerial speeches over the years and, in more detail, in the ombudsman's report—will the Minister get to the point? Perhaps he could read out the last page of his brief and tell us when the Government will respond to the report.

Ian Pearson: The hon. Gentleman has been very active in this matter, but it is right to set out the context. [Hon. Members: "We know the context."] I assure hon. Members that I shall not dwell on it unduly.

Lord Penrose's investigation, published in March 2004, concluded that Equitable Life's own actions ultimately precipitated its financial difficulties in the summer of 2000. Lord Penrose also found regulatory system failures, but concluded that they were secondary. The parliamentary ombudsman's second investigation into the regulation of Equitable Life's with-profits fund, under the Insurance Companies Act 1982 regime, looked exclusively at the role of the prudential regulator and the Government Actuary's Department. Given that the remit of the parliamentary ombudsman, set out in law, is limited to the investigation—

Mr. Crispin Blunt (Reigate) (Con): On a point of order, Lady Winterton. When a Minister continues to repeat previous ministerial speeches and puts on the record matters that are already on the record, at what point do his remarks become repetitious and out of order?

Ann Winterton (in the Chair): The hon. Gentleman has served in the House for a long time and knows perfectly well that that is not a matter for the Chair.

Ian Pearson: Thank you, Lady Winterton. It ill behoves the hon. Gentleman, who has only just entered the debate, to make spurious points of order.

Let me return to the point. [Hon. Members: "Get on with it."] In July, the ombudsman published a substantial report that was the culmination of her four-year investigation, as we heard from hon. Members. I fully understand why, after such a lengthy investigation, Equitable Life policyholders, and Members, are keen to know the Government's response.

Jo Swinson: We are particularly keen because the Government said that they would tell people by the autumn. We are well passed autumn, so when will the Government respond?

Ian Pearson: I shall explain, if the hon. Lady will allow me. She will know that I have been Economic Secretary since September, but the ombudsman produced her report in July, and we have been considering it since then.

Daniel Kawczynskj: For the record, will the Minister confirm whether he had discussions with the Chancellor on Equitable Life, and whether he asked the Chancellor to address the issue in yesterday's pre-Budget report?

Ian Pearson: I have had discussions with the Chancellor on Equitable Life and on when we could make a statement in the House. Hopefully, I or the Chief Secretary will make one shortly.

Hon. Members will appreciate the significant factual and technical complexity of the issues investigated by the ombudsman and of the details of her 10 findings. As the House would expect, it has been necessary for the Government to take time to consider the report in detail. Instead of making partisan political points, the Government should get the detail right and respond in a mature and thorough way, which is what we plan to do.

Mr. Drew: I hope the Government will respond expeditiously. What does the Minister think are the costs to which other parties have committed themselves in order to compensate Equitable Life policyholders?

Ian Pearson: My hon. Friend makes a good point. I have not made an estimate of the Conservative party's or Liberal Democrats' positions. I have been trying to focus on how we can reach a decision on all the findings in the ombudsman's report and produce a statement to the House.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Has the Minister instructed his officials to assess possible compensation payable to Equitable Life policyholders? Part of his final decision, which he will eventually put before the House, will depend on those figures and the Chancellor's agreement. Has he done that investigation?

Ian Pearson: The hon. Gentleman will be aware that it is not Government practice to provide a running commentary on policy discussions with officials.

I have heard calls today for the Government to accept the ombudsman's recommendations, including her central recommendation that the Government should establish and fund a compensation scheme with the aim of restoring policyholders who suffered a relative loss to the position in which they would have been, had the maladministration that she found not occurred. In considering those recommendations, the Government must weigh in the balance the interests of policyholders and taxpayers generally. However, hon. Members will appreciate that, until a decision is announced, I can say little more about the detail of the Government's response, although it has been helpful to hear today the strength of feeling among them.

Mr. Tyrie: I mean no disrespect to the Minister. I mentioned in my speech what a difficult task he had on his hands replying to a debate on a policy for which he no doubt had no direct responsibility. However, does he not understand that making the kind of speech that he is making, with such blatant and continual obfuscation, tarnishes the respect for politics, politicians and the way we conduct our business in this place? That cannot carry on. He must at least agree to write to us, within a week, with the date on which we will receive the Government's response.

Ian Pearson: I have great respect for the hon. Gentleman, and I hope that he appreciates that neither the Government, nor I today, have been guilty of obfuscation. I am trying to reach a position whereby we can shortly make a ministerial statement to both Houses. It is right that we respond, and we said that we wanted to do so by the autumn. I appreciate that we are getting close to the end of autumn, but we will make the statement very soon. I am sure that hon. Members will want to attend and to ask questions of the Government when we announce details of our full response to the ombudsman.

Serious Organised Crime Agency

12.30 pm

James Brokenshire (Hornchurch) (Con): I thank you, Mrs. Winterton, for the opportunity to discuss the information-sharing gateways of the Serious Organised Crime Agency and, in particular, the rights that attach to it following the transfer of some of the functions of the Assets Recovery Agency, which was wound up in April.

A wider debate on the general performance information available on SOCA and the ability of the House to scrutinise its activities effectively will be necessary at some point. There was a suggestion that the Select Committee on Home Affairs would conduct an inquiry into SOCA, but that has not yet come to fruition. My general concerns are the opaqueness of SOCA's activities and the assessment of its performance, but such a wider debate is for another day, and for the whole House because of its seriousness, and I do not intend to stray into it in this debate. Rather, I have an opportunity to discuss the narrower, more technical matter of the information-sharing requirements that were placed on SOCA following the transfer of powers from the ARA earlier this year.

At the outset, I thank the Minister for the constructive way in which he has sought to address some of the points that I will discuss. I am grateful for the steps that he has sought to take, although, unfortunately, it has proved necessary to introduce an Adjournment debate properly to explore the things that need to be considered.

On 11 January 2007, the then Home Secretary announced the transfer of the asset recovery functions of the ARA to SOCA, with the training functions going to the National Policing Improvement Agency, with effect from 1 April 2008. That announcement preceded a highly critical report of the performance of the ARA by the National Audit Office in February 2007. The report made a number of recommendations on the functions of the ARA that the NAO said would be applicable to the successor bodies that took over its functions. The report included significant criticism of the case management database, which the NAO described as "poor". The NAO stated:

> "We had great difficulty in compiling a comprehensive list of cases and tracking their value and progress".

The NAO said that the ARA had collected £23 million against cumulative costs of £65 million.

As I have said, the transfer of the asset recovery functions of the ARA to SOCA was effective on 1 April 2008. The measure was implemented by the Serious Crime Act 2007. In conducting its work, the ARA used information gateways for information that was disclosed to it by partner agencies to enable it to conduct its duties and to fulfil its responsibilities, and there were gateways that authorised the ARA to disclose specified information that it had obtained to certain other agencies.

The transfer of those powers was not addressed directly in the 2007 Act. Nearly two months after the transfer of the functions, the Government introduced secondary legislation to address the gap. Those measures—the draft Serious Organised Crime and Police Act 2005 (Disclosure of Information by SOCA) Order 2008, and the draft Proceeds of Crime Act 2002 (Disclosure of Information) Order 2008—were considered in Committee on 24 June 2008. The explanatory notes to those orders stated:

> "It is the policy that those undertaking civil recovery functions shall have the same provisions applying to them as...ARA".

That point was reaffirmed in the other place when their lordships considered the orders. Lord West stated:

> "The orders merely ensure that organisations which inherited the Assets Recovery Agency's work and functions can access the same information sources that were available to the agency and can disclose the same information onwards."—[*Official Report, House of Lords*, 17 June 2008; Vol. 702, c. GC371.]

In Committee on 24 June, the point was reiterated by the Minister, who said:

> "So, the orders ensure that SOCA and others that inherit the civil recovery functions have the same information gateways as were available to the Assets Recovery Agency. There is no change in policy. The orders are not giving SOCA or any other agency powers or functions that were not previously available to the Assets Recovery Agency."—[*Official Report, Fifth Delegated Legislation Committee*, 24 June 2008; c. 4.]

During the consideration of the two orders, I highlighted the fact that one of the orders went beyond the rights that had been enjoyed by the ARA. The inbound order—it permitted information to be disclosed to SOCA—was limited to conducting asset recovery functions. However, the general outbound disclosure provision, meaning the provision on disclosure by SOCA to certain specified third parties, was not limited specifically to asset recovery functions, but applied generally to SOCA functions. I made that point in Committee and the Minister kindly said that he would look at the matter, as he has done previously when technical problems have been highlighted, and investigate whether the explanatory notes or statements on the statutory order were correct.

On my review and interpretation of the orders, there was an extension, and the approach was wider than asset recovery functions. The Minister e-mailed me 16 July 2008:

> "The intention when the Assets Recovery Agency...was abolished and certain of its functions were inherited by SOCA was that SOCA should also inherit the same powers, including powers to disclose information. The Order's operation goes beyond the narrow policy intention."

He added:

> "I do not want SOCA to lose an information sharing provision unless there are reasonable counter-arguments. I am therefore content for the gateway provisions to have their broad application, although I accept that this goes beyond the original stated policy intention."

I countered by saying that although I understood the Minister's points, I felt that our considerations, including statements and explanatory notes, did not adequately set out what the provisions actually achieved. I felt that the House should have that corrected and that a restatement should be made. The Minister made some reasonable points on whether SOCA should have general information gateways to disclose certain pieces of information on prevention of harm and financial crimes to other agencies to investigate, but I wanted people to have the opportunity to decide whether that was appropriate.

The point is that the situation was not as was stated. I therefore replied to the Minister on 22 July pointing out that that approach was not the way forward, that further consideration was appropriate and that one of the orders appeared to limit and restrict rights to asset recovery whereas the other did not. The Minister kindly took on board my points and said that he would revoke the order. He commented:

> "These gateways, I am sure you will agree, are important for the fight against serious organised crime. In order to address your concerns we shall be laying a new Order revoking the existing one so as to allow for a full explanation and debate on the effect of the statutory instrument."

The Minister, whom I entirely respect, was true to his word and tried to do that, so that we could have the debate. However, having tried to go down that route he was, I believe, advised—as I am sure that he will explain to the House today—that unfortunately, for various technical and procedural reasons, it was not possible to do so, and that the best means of debating the issue and putting it on record and correcting in some ways what had been said before was an Adjournment debate. That is why I am using the House's time to correct some of what has been said and to achieve clarity. I do not believe that there was an intention to give a false impression or not to state the ambit and operation of the orders correctly. However, as a consequence of the statements and explanatory notes, an impression may have been given—I believe it was given—that the outbound order was more limited than it was.

The issues that we are debating are technical and procedural. It is important that SOCA should have the right powers to do its job effectively. Will the Minister explain how he believes the extension in question will help it with its activities, through the information gateway that the two orders provide? How has the power been used to date? Prior to June it did not exist. The Minister explained to me in a further letter of 6 October 2008 that

> "SOCA did not specifically request an extension of their general gateways to cover onward disclosure in respect of protecting public health and the functions of the Financial Services Authority under the Financial Services and Markets Act 2000."

However, he said that he believed that it would be

> "inconsistent...to have different...gateways for different purposes",

albeit that, as I have said, the inbound information gateway has that slight distinction.

Before I finish, there are a few more general points, one of which concerns the measurement of performance. During consideration by the Public Accounts Committee of the National Audit Office report, on 7 March 2007, the hon. Member for Tooting (Mr. Khan) now the Under-Secretary of State for Communities and Local Government, asked the Comptroller and Auditor General:

> "Can you reassure us that when your unit"—

the ARA—

> "is merged with SOCA and the other units, we will still be able to assess for example whether the costs spent on this unit exceed or is less than the assets recovered? Will we still be able to do that exercise?"

He followed that up with:

> "One of the criteria of the PAC, and I know it is a crude one, to assess value for money is whether the cost spent exceeds the amount of assets recovered. When this unit merges, will you still be able to do that task?"

Sir John Bourn, the Comptroller and Auditor General, answered:

> "Yes. It should have a proper system of management accounts which will provide that information and we shall see that it does have."

I have recently received a parliamentary answer from the Under-Secretary of State for the Home Department, the hon. Member for Tynemouth (Mr. Campbell):

> "Information on the application of civil recovery and taxation powers under the Proceeds of Crime Act 2002 will be published by the Serious Organised Crime Agency as part of its annual report. The presentation of this data will be aligned with SOCA's reporting on its existing asset recovery powers and as such will not make use of older formats. SOCA has not inherited all of the Asset Recovery Agency's asset recovery powers and, unlike ARA, SOCA will not be the sole agency exercising civil recovery powers. Any like-for-like comparisons with ARA's past achievements will therefore be inhibited."—[*Official Report*, 10 November 2008; Vol. 482, c. 810W.]

I take what is said in that answer, but the question remains whether there will be a level of transparency that allows an assessment of costs recovered and spent.

The National Audit Office raised certain recommendations, as I said previously, with recommendation (b) requiring that the case management system be developed. The NAO commented:

> "Once this is established, the Agency should use the data collected to help inform case selection and prioritisation and to review its performance measurement regime so that it incorporates targets that are measurable, challenging and achievable, such as reducing the cost and time per case."

A further parliamentary answer from the Under-Secretary confirmed:

> "SOCA has implemented Recommendations (a) to (d) of the NAO report."

On recommendation (b) he added:

> "SOCA has case management systems in place which contain all relevant management information."—[*Official Report*, 10 November 2008; Vol. 482, c. 811W.]

My question to the Minister today is not simply whether the case management is in place, but equally whether what are described as "measurable, challenging and achievable" performance measurements are equally in place and will be published so that there can be appropriate scrutiny.

A general issue of disclosure arises. I have covered some quite narrow issues in relation to the disclosure gateways, but I note from a statement yesterday from the Ministry of Justice that that Department proposes to

> "confer a power upon the Secretary of State to permit or require the sharing of personal information between particular specified persons, where a robust case for doing so exists."—[*Official Report*, 24 November 2008; Vol. 483, c. 39WS.]

On my reading, that announcement would appear to apply a very general and broad-brush approach to data sharing. Will the Minister clarify whether he has had any discussions with his colleagues in the Ministry of Justice about the application of what appear to be quite wide-ranging powers to SOCA or any other agencies, given that data sharing needs to be tightly defined for specific purposes?

12.47 pm

Mr. Anthony Steen (Totnes) (Con): I am most grateful to my hon. Friend the Member for Hornchurch (James Brokenshire) for giving me a minute or two on SOCA. The question in his excellent speech was the release of information, but my concern is that there is no information to release in many cases.

[Mr. Anthony Steen]

In answer to a question that I tabled, the Minister said:

> "The Home Secretary's priorities for SOCA in its first year included that SOCA should devote a higher proportion of its resources and activity to intelligence work than the agencies that it replaced and that Class A drugs and organised immigration crime, in that order, should be its top priorities. Organised immigration crime covers both the organised facilitation of immigrants to the UK (people smuggling) and trafficking of people for criminal exploitation, for example prostitutes or forced labour (human trafficking)."—[*Official Report*, 1 October 2007; Vol. 463, c. 2359W.]

Its involvement in information gathering and sharing was included in the annual report 2006-07.

In spite of that commitment, SOCA's most recent report includes no mention of trafficking and no information about how many children are trafficked into the UK—dealing with that was one of SOCA's original jobs. There are no statistics on human trafficking, and according to another parliamentary answer from the Minister, there is no intention to produce any more information. As for the number of trafficked victims found tending cannabis:

> "Crown Prosecution Service (CPS) records do not hold information about the location in which an offence was committed."—[*Official Report*, 7 February 2008; Vol. 471, c. 1372W.]

On the numbers of victims of internal human trafficking, the answer was:

> "Data on trafficking victims are not yet recorded centrally."—[*Official Report*, 10 June 2008; Vol. 477, c. 197W.]

In answer to the question how many children have been charged with cannabis cultivation, the response was:

> "Charging data are not collected centrally".—[*Official Report*, 17 June 2008; Vol. 477, c. 831W.]

It is not just a question of how to release the information, as my hon. Friend has rightly asked. Another problem is that SOCA does not have the information. Not only does it not have the information, but it has tried to bypass that fact by arguing that the UK Human Trafficking Centre in Sheffield is responsible for such matters. The Human Trafficking Centre does not have the information either, although £1.75 million will be spent this year trying to find it.

My argument is simple. I believe that SOCA has only 12 staff—it is a tiny organisation. However, if it has more staff than that, why can it not obtain the information that my hon. Friend wants, or the information that I want on human trafficking?

12.50 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): It is a delight to serve under your chairmanship, Mrs. Winterton, for what may be the first time. I thank the hon. Member for Hornchurch (James Brokenshire) for how he has worked with me to find a way through the matter. That shows that sometimes, when an issue arises through no particular fault, it is possible to work together to resolve it. I welcome this Adjournment debate as an opportunity to read some things into the record that I hope will be helpful to him. I thank him for his thanks to me and for his co-operation.

My right hon. Friend the Member for Leicester, East (Keith Vaz), the Chair of the Select Committee on Home Affairs, is here. I believe that the chair and the director general of SOCA have given evidence before the Committee. The hon. Member for Hornchurch asked whether they had been to the Committee, and I understand that they have.

Keith Vaz (Leicester, East) (Lab): I confirm that the chair and chief executive have been before the Select Committee. We will be calling them back to consider the issues.

Mr. Coaker: That is an extremely helpful clarification. I am grateful to my right hon. Friend for making that point.

I shall make a couple of points in the few minutes available to me on the specific questions that have been raised. Notwithstanding the monetary issues that we can set against each other in determining whether the ARA did one thing or another, the importance of what it did—as well as the importance of much of the work on proceeds of crime going on in other agencies and within police forces—is that the business is new. It is an area of work that did not exist before, and in many respects, it is trailblazing. We all want it to be more successful, because we are sick of criminals gaining from their criminality, and we must therefore do more. There are many issues involved, not least of which is that many cases get stuck because of difficulties in court, which we are trying to resolve. However, important trailblazing is taking place.

The hon. Member for Hornchurch made a point about transparency, which is important and which we need to ensure. The hon. Member for Totnes (Mr. Steen) spoke about trafficking. If he is saying that he has been trying unsuccessfully to get the information and that it was not included in the annual report, I will take up the matter with SOCA to see whether I can get any additional information that might be helpful to him. I will copy the reply to you, Mrs. Winterton, to the hon. Members for Hornchurch and for Totnes and to the Chairman of the Home Affairs Committee.

I have had no discussions with the Ministry of Justice on the issue raised by the hon. Member for Totnes—frankly, I do not know what aspect of Ministry of Justice business he was referring to—but that would be subject, as always, to the Data Protection Act 1998, human rights legislation and so on. However, I have had no particular contact about that.

The Serious Organised Crime and Police Act 2005 (Disclosure of Information by SOCA) Order 2008 was introduced consequentially to the abolition of the ARA and its director. It ensured that SOCA, which took over some of the ARA's functions under the Proceeds of Crime Act 2002, could disclose information in its possession to named bodies for the same purposes as the ARA. However, as the hon. Member for Hornchurch has highlighted, it goes further than that.

The order was subject to the affirmative procedure and was debated by the Fifth Delegated Legislation Committee on 24 June. The hon. Member for Hornchurch correctly identified during that debate that the additional provisions for the onward disclosure of information would apply to all SOCA's functions—in other words, they were not limited to those inherited from the ARA under the amendments to the Proceeds of Crime Act 2002. As a believer in parliamentary scrutiny, I am grateful to him for discovering that, for securing that information and for bringing it before Parliament. It is an important demonstration of how the process can work, and he should be commended.

I accept that the matter was not explored fully in earlier parliamentary consideration, for which I apologise. The order was presented as providing the ability to disclose information obtained by SOCA in connection with the functions transferred from the ARA. However, during the debate, I accepted the point that the order also applies to information obtained by SOCA in connection with the exercise of any of its existing functions under sections 2 and 3 of the Serious Organised Crime and Police Act 2005, namely other matters relating to serious organised crime and information relating to crime. Accordingly, information that came into SOCA's possession in the exercise of any of its functions can be disclosed onwards under the new provisions created by the order.

Hansard records that I agreed with the point made by the hon. Member for Hornchurch. It is on public record that I explained the full effects:

> "it is not our intention to mislead the Committee on the transfer of powers to SOCA in the second order. We have extended the disclosure powers of SOCA and the directors because they have taken over powers from the ARA. The powers of SOCA will not be limited to its asset recovery functions."—[*Official Report, Fifth Standing Committee on Delegated Legislation,* 24 June 2008; c. 9.]

The order adds to the designated functions for which SOCA may make a disclosure under section 33 of the Serious Organised Crime and Police Act 2005, namely for the purposes of protecting public health and for the functions of the Financial Services Authority. The hon. Member for Hornchurch asked me to clarify whether SOCA had asked for the power. To put it on record, the answer is no, but we were advised by our lawyers that we needed to ensure that SOCA had the power, which is why we introduced the order.

In subsequent correspondence with the hon. Member for Hornchurch, I offered to withdraw the order and lay another in similar terms. On further consideration, I was advised that that would not have been an appropriate use of the Committee's valuable time, as the drafting and effect of any new order would be exactly the same as the one already made. However, I welcome the opportunity that he has provided to explain some of the effects of the order.

In my view, it is sensible and appropriate that SOCA's disclosure of information powers should be consistent for all its functions. My officials have been in contact with SOCA and, although SOCA did not proactively request the additional purposes for which information can be disclosed, it agrees that its powers to disclose should be consistent across all the information that it holds, however that information came into its possession. That is a small further development in the tools available to fight crime.

Although SOCA did not request the additional power, if we are to put it on the same footing as the ARA for disclosing information that came into its possession in the exercise of powers under the Proceeds of Crime Act 2002, it is sensible to apply that to all its information. SOCA has also confirmed on a practical level that it would be difficult, perhaps impossible, to identify and separate which of its information was obtained under its functions under the Proceeds of Crime Act 2002 and which was obtained under its other functions. The free flow of information within SOCA makes it difficult to trace the original source, and to separate and handle information differently would impair the internal workings and operation of SOCA.

The order is sensible, proportionate and necessary. I apologise to you, Mrs. Winterton, and to the hon. Member for Hornchurch that it was not as accurate as it should have been when we first discussed it. I hope that this debate has gone some way towards putting on record what should have been said in the original Committee. I will do what I have said on finding out information for the hon. Member for Totnes. I also hope that the hon. Member for Hornchurch is satisfied.

Education Maintenance Allowance

Ann Winterton (in the Chair): I call Mr. Gordon Prentice, who has been successful in securing this debate.

1 pm

Mr. Gordon Prentice (Pendle) (Lab): Thank you, Mrs. Winterton. You say that I have been successful in securing this debate, but I have been somewhat overtaken by events. I raised the issue of education maintenance allowances last Wednesday with the Prime Minister, and when I put in for the debate I intended to call for the company responsible for administering EMAs to be sacked because of its incompetence. However, the Learning and Skills Council, with the approval of the Minister for Schools and Learners, has done that job for me. Nevertheless, I want to take the time available to me to talk about the lessons that might be learned from this fiasco.

Central Departments increasingly turn to the private sector and third sector partners to deliver important state services. Last year, I think the amount involved was about £79 billion, so we are talking about big business. Sometimes—too often, I think—things go wrong. Only a few months ago, we learned that the American firm ETS Europe, which lost the standard assessment tests contract, was worth £156 million over five years. The contract for delivering EMAs amounted to £80 million, so we are talking about huge sums of public money.

The EMAs are means-tested allowances of up to £30 a week paid to 16 to 19-year-olds to encourage them to stay on in education. They are really an incentive for young people to stay at college and stay in education who might otherwise go out to work because their families are not particularly well off, so the thinking behind EMAs is laudable. It was a marvellous policy initiative but unfortunately it has not been delivered well. There have been huge delays in getting the money to the students and that has had a huge impact on those young people, who rely on the EMA to pay for transport, lunches and other things that young people buy.

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate my hon. Friend for raising this important issue, which has hit my constituents as it has hit his. He may be interested to know the answer to my parliamentary question about the average time it took to complete EMA applications, which is particularly important for the client group that we are talking about. The chief executive of the Learning and Skills Council wrote that the problems with EMA processing were such that the LSC could not be

> "precise about the average time taken to process an application."—[*Official Report*, 22 October 2008; Vol. 481, c. 464W.]

Does that not show not only that things were bad but that the LSC did not even know how bad they were? Furthermore, does my hon. Friend agree that the situation points to the need for proper monitoring and management of the successor arrangements?

Mr. Prentice: Indeed, and I shall come on to that very point. That is why last Wednesday, when I put my question to the Prime Minister, I described Liberata, the company involved, as dysfunctional. It was completely dysfunctional and I will deal with that point in more detail in a moment.

I was mentioning the difficulties facing young people because of the problems. In Blackburn, just down the road from my Pendle constituency, it was reported by the BBC and others that Blackburn college had to tide over students with £10 Tesco vouchers. The National Union of Students got in touch with me to say that EMAs were so important for some students that if they did not get them this year there was a real danger that they would drop out of college completely.

The delivery failure was of galactic dimensions—it really was. We know from the Minister, who helpfully put the exchange of correspondence between himself and the LSC in the Commons Library, that 111,000 students were waiting for payments on 8 October, but that at one stage the backlog of students waiting for payments was more than 200,000; that was the figure given by Mark Haysom, the chief executive of the LSC, when he wrote to the Minister. The figure is now down to about 12,000, which is good. We can all breathe a huge sigh of relief, and I hope that the remaining 12,000 or so applications can be processed without further delay.

The Minister for Schools and Learners (Jim Knight): I am afraid that when I respond I will have to correct that figure of 12,000, so the picture is not quite as rosy as my hon. Friend thinks. I just wanted to point that out immediately, but I will correct the figure properly when I respond.

Mr. Prentice: That will not affect the line of my argument at all, but we will come back to that point later.

What went wrong with the introduction of the new contract? The contract for EMAs originally went to the outsourcing company Capita in September 2004. I think that it was a five-year contract and, by all accounts, it was delivered without problems by Capita. In July 2007, the contract was re-tendered and the new contract brought together and consolidated a variety of learner programmes. It was obviously anchored by the EMA, but it also included sixth form child care, the adult learning grant, the learner support fund and so on. Those programmes were all brought together and the contract was awarded to Liberata. The LSC had commissioned a feasibility study in June 2006, which showed compatibility between the programmes that I have just mentioned. At that stage, the LSC clearly thought that the new combined programme, if I can put it that way, was deliverable.

Then everything started going pear-shaped. The problems were spotted early on. In July 2007, Liberata was awarded the new contract but later in 2007 people realised that things were not working as they should. On 19 November, the chief executive of the LSC, Mark Haysom, told the Minister:

> "There have been processing and other related problems with the delivery of the helpline, assessment and payment functions for EMA since Liberata won the contract to deliver this service in July 2007."

From the word go, therefore, the commissioner—the LSC—knew that things might not be delivered.

So there we are. The contract has gone back to Capita. The transfer of functions will take place this Friday, I believe, and Liberata will lose the revenues that it would have received from the rest of the contract. I think that the amount is about £60 million; the original contract was between £75 million and £80 million. Astonishingly, however, that dysfunctional company will not face any penalties.

I may have got this wrong, but it seems to me from reading the correspondence on the issue that the LSC is paying Liberata £4 million to transfer

> "the physical IT assets and applications software"

to the new company that will be delivering EMAs, which is Capita. Instead of getting money back from the company that let down hundreds of thousands of students, the public purse is forking out an additional £4 million to make the transition easier. My friend the Minister explained that to me last week, stating that Liberata had employed

> "significant numbers of additional temporary staff to deal with the backlog in applications. In doing so they have incurred extraordinary additional costs and it has been judged inappropriate to impose further additional penalties."

That is the Government's position, but I completely disagree. Penalty clauses are in contracts for a purpose. When a company, whether private sector, third sector or otherwise, does not deliver what it has promised, there should be penalties.

The acting chief executive of Liberata when all that was happening, Richard Webster, said that he hoped the Learning and Skills Council would not impose a £3 million penalty. He said:

> "The issue really for us is, do we want to put £3 million back into improving the service or put £3 million into paying a penalty? We would like to see it going back into the service".

Since it is no longer delivering the service, I see no reason why it cannot pay a penalty.

Even when the meltdown was occurring, Richard Webster was still talking things up as though everything was still manageable and hunky dory. On 31 October, he mused on the delays and difficulties and said:

> "It's like getting a new iPhone. The first day you get it, it takes time to get familiar with it…staff familiarity is now where it needs to be."

That was complete moonshine. Staff familiarity was not where it was supposed to be, and I shall spend a couple of moments describing the situation in my constituency. In Nelson, the biggest town, Liberata created 100 jobs to administer the EMA. On 17 September, the *Lancashire Telegraph*, the big regional daily, proclaimed on its front page, "Jobs Lift-Off"—I have it with me as a visual aid. Everyone was happy that all those jobs were coming to Pendle—100 call centre jobs in Nelson. On 18 September, the chief executive of the local authority, Stephen Barnes, was quoted as saying:

> "This is a fantastic example of Pendle Council working to bring more jobs to Pendle. The partnership is all about jobs and it is great to see that it is working".

I like and respect Stephen Barnes, but he was led up the garden path like everyone else. Liberata was already delivering back-office functions for the local authority, and he and others must have thought that it could transfer that apparent competence to delivering a different programme, the EMA.

One of Liberata's directors, Rod Haig, said:

> "We are training our new staff now and already they are doing well learning their new skills…Our aim is to make as many of the jobs permanent as we can."

That was complete baloney. Some of my constituents were recruited by Liberata and sacked five weeks later. One had been employed in white-collar jobs all his life and told me that in those five weeks, he had had four hours of training. There was no management supervision or control at all, and if people chose to, they could phone up their granny and have personal conversations in work time. They could put in for time and a half working on Saturdays or double-time working on Sundays with no supervision whatever. Papers sent in by students were strewn across the place and not properly filed away. It was an absolute disgrace.

Many people were hoodwinked into thinking that the jobs would be permanent, but when I wrote to Webster, the acting chief executive, he told me on 3 November that the jobs were always intended to be temporary and short-term. He even went on to say that the jobs were not really Liberata's and that the people were employed by the LSC. Perhaps the Minister would like to comment on that, as it is a very strange way of going about things.

I shall say a few words about the BBC "Newsnight" programme that was transmitted last week. It was an exposé of the company, in which it was made clear by whistleblowers—former senior executives of that dysfunctional company—that Liberata knew in October or November last year that it would not be able to meet the terms of the contract.

It is not just the EMA that has suffered because of the company. We learn that earlier this year, the Financial Services Authority fined Liberata £525,000, more than 10 per cent. of its profits, because it failed to send out documentation that it should have sent to life and pension policyholders. Such sloppiness characterises much of its operations. It runs back-office functions for about 20 local authorities, although I believe it has lost the contract from Sheffield, and no wonder.

What is to be done, as Lenin would say?

Jim Knight: Lenin or Lennon?

Mr. Prentice: John Lennon.

What happened was the very antithesis of good government. As you know, Lady Winterton, I am a member of the Public Administration Committee. We have a meeting tomorrow and an inquiry on good governance on the way, one of a number that we are running in tandem. A paper has been prepared for the Committee by the National Audit Office, and it sets out a template that we can use in various situations to see how something measures up to good government.

We need to know who was responsible for the failure and bring appropriate individuals to account. There should be an inquiry, perhaps by the relevant Select Committee, the Select Committee on Children, Schools and Families. I know that the Minister has been in touch with our colleague who chairs it, my friend the Member for Huddersfield (Mr. Sheerman). What we cannot do, or allow the LSC or anyone else to do, is let people shelter behind regulations and procedures and say, "We followed the regulations. We followed the procedures", without acknowledging the bigger picture

[Mr. Gordon Prentice]

that the entire system was in meltdown, which should not have happened. In a reply to the shadow Secretary of State for Children, Schools and Families, a letter from the chief executive of the LSC, whom I have mentioned too often this afternoon, stated:

> "The LSC carried out the procurement process in accordance with the Public Contracts Regulations 2006 using competitive dialogue. This allowed the LSC to work closely with both bidders—"

Liberata and Capita—

> "over a number of months ensuring there was an understanding of requirements and potential solutions on both sides."—[*Official Report*, 16 October 2008; Vol. 480, c. 1494W.]

If that happened, if people were listening and there was competitive dialogue, how on earth did we end up in the situation that we are in?

I also want to hear from the Office of Government Commerce, which apparently waved the process through. There is a gateway review to test such things, and if everything is robust and fits together, the project is waved through. That happened in this case, so we need the OGC to explain itself.

I mentioned the paper produced by the NAO. Its foreword states:

> "Well designed programmes have three important characteristics: simplicity; realistic timescales; and customer focus."

I believe that the administration of the education maintenance allowance failed on all three counts and we need to know why.

1.20 pm

The Minister for Schools and Learners (Jim Knight): I congratulate my hon. Friend the Member for Pendle (Mr. Prentice) on securing the debate. It is an important topic that has affected many learners up and down the country. As he said, the experience has been wholly unsatisfactory.

The Government are committed to giving every young person the best possible standard of education, to bring out their talents and give them the skills for a prosperous and satisfying career. To achieve that ambition, we are committed to removing all barriers that hold people back from success. That is why we introduced the education maintenance allowance in the first place—to ensure that financial constraints are not a barrier to learning—and it has had some success.

Evaluation of the initial EMA pilots showed that the scheme led to increases in participation of 3.8 per cent. for 16-year-olds and 4.1 per cent. for 17-year-olds. That is why I am so deeply disappointed with the recent delays in getting grants out to students, and I can well understand their frustrations and the frustrations of my hon. Friend the Member for Pendle and my right hon. Friend the Member for Oxford, East (Mr. Smith).

Throughout this period, our first priority has been learners and ensuring that systems are put in place to process payments as quickly as possible. Paying the remaining grants continues to be my top priority. Since the beginning of September, I have received daily delivery statistics from the LSC, based on information provided by its contractor, Liberata. Last week, I wrote to the Chairman of the Children, Schools and Families Committee, my hon. Friend the Member for Huddersfield (Mr. Sheerman), and laid a written ministerial statement outlining progress and next steps, based on the information provided to me by the LSC, which was in turn provided to it by Liberata.

However, during the LSC's work to migrate the contract and systems, it found that the method used by Liberata to calculate work in progress was not sufficiently accurate. I was informed yesterday evening by the LSC that the recent figure for outstanding applications provided by the LSC and cited in my letter to my hon. Friend the Member for Huddersfield dated 19 November and repeated in my written ministerial statement to the House is not correct. I am grateful for the opportunity to correct that now. A physical count by Liberata recorded approximately 26,200 applications that are in the process of being finalised as of 21 November—not 12,016, as stated in my letter to my hon. Friend the Member for Huddersfield.

That is unacceptable, but we are continuing to make progress. I am advised that 6,000 applications are being processed per day, with a net reduction of 3,000 per day. We expect the backlog of applications to be all but cleared in the next three weeks. I have written to the Chairman of the Children, Schools and Families Committee today to clarify the position. I wish to put those revised figures on the record now.

I have also written to the chief executive of the LSC—much mentioned this afternoon—asking for a full explanation why its contract monitoring did not reveal the problem sooner, and seeking reassurance that the new contract management arrangements that it is putting in place will avoid such problems in the future. I have asked it to review other figures and processes, to ensure that the figures that it provides me with are robust and accurate.

Mr. Prentice: In the light of that further inaccuracy, does the Minister not think it would be wise to revisit the question of penalties? How is it possible for a private sector company to give misleading information constantly to a Minister of the Crown?

Jim Knight: As I said, I have written to the chief executive of the LSC, who is the other party to the contract with Liberata. He will advise me what action he intends to take in response to the problems, and I will inform the House accordingly.

Our focus, first and foremost, is on dealing with the current situation. Notwithstanding the progress of recent weeks, the LSC has taken the decision to terminate the contract with Liberata, and to engage Capita to undertake delivery. I fully back that decision. The transfer of the EMA helpline, processing and payment service from Liberata to Capita will take effect from Friday 28 November. Capita will bring in a new senior management team to oversee the staff and operations in Coventry, Manchester and Darlington. The transfer will place us in a stronger position to resolve the helpline and processing problems, which will not only alleviate the current problems, but will help to provide a better service to students and learning providers in the future.

The LSC will work closely with Capita and Liberata during the transition period, to ensure that the transfer of responsibilities is as smooth as possible. In the mean time, we are continuing to encourage colleges to use the discretionary support funds, provided by the LSC through their local authority, to help students who need extra support while the problems are resolved.

My hon. Friend the Member for Pendle raised the question whether Liberata faces a penalty for its failure to deliver. I repeat what was said in the written ministerial statement: the migration of the contract results in Liberata losing future revenues of more than £60 million over the remaining term of the contract. In addition, following the failure of its IT system, which is at the root of all the subsequent problems, Liberata rightly took the decision to employ significant numbers of additional staff, including in Pendle, to deal with the backlog of applications. In doing so, it incurred extraordinary additional costs.

The LSC has therefore not judged it necessary to enter into negotiations about the imposition of financial penalties. The permanent secretary, as the accounting officer, and the Treasury have confirmed that the deal that has been done is in the best interest of taxpayers. Perhaps, over time, my right hon. Friend the Member for Oxford, East and my hon. Friend the Member for Pendle will want to return to the matter.

The situation arose from the failure of IT systems developed by Liberata to process applications, which meant that applications had to be processed manually. Owing to a rise in applications in September, a backlog of applications built up. As a result, a huge number of calls were made to the helpline, which struggled to cope. In view of those circumstances, it became apparent that Liberata was unable to manage the problem sufficiently. As soon as that became apparent, we took action to put contingency plans in place to ensure that the outstanding applications were processed as quickly as possible.

The Children, Schools and Families Committee has already announced its intention to investigate the issue, and I welcome that decision. My Department and the LSC will be looking carefully at this case to learn lessons that can be applied to future outsourcing of contracts and contract management. As I said, I have asked the chief executive of the LSC to reassure me that the new contract management arrangements are robust.

I am unable to answer many of the specific concerns relating to working practices in Pendle. Temporary staff, such as those recruited in my hon. Friend's constituency, were recruited to address the backlog of applications arising from the technical difficulties. It was always my understanding that those workers were temporary, and I am disturbed to learn that they might have understood otherwise. The use of temporary staff was a sensible short-term solution to speed up the processing of outstanding applications and payments, and has led to the progress that we have seen to date.

Liberata notified the LSC of its intention to dismiss temporary staff, including those based in Pendle, on 21 October. I discussed that with the chief executive of the LSC when we met two days later. Despite the efforts then made by the LSC, Liberata followed through on its intention to dismiss staff. Although it was ultimately a decision for Liberata, it was an extremely disappointing decision and was against the wishes of the LSC and my Department. On the question of staffing more widely, it will be for the new contractor to determine appropriate staffing levels in the long term.

Mr. Prentice: Why would Richard Webster write to me to say that the staff working in Pendle were LSC staff, not Liberata staff?

Jim Knight: Again, because I am not a party to the contract arrangements directly, it is difficult to give a precise answer to that question. It may be that at some point in the past few weeks, the LSC agreed with Liberata that, in order to get staff back and get the processing up to speed, it would underwrite or perhaps even employ some staff in Pendle, in order to ensure that that happened. I cannot say that with certainty, but it would be my best guess.

I would like to speak about the procurement process, but time is running out. No student should be prevented from learning because of financial barriers or other constraints. When systems and processes go wrong and another barrier is put up, we must act quickly and decisively to break it down. The decision to terminate the contract with Liberata was not taken lightly. I am confident that it was the right decision. We will now focus on getting the system, and students' education, back on track, so that they are able to achieve all that they are capable of, safe in the knowledge of the financial security that they are entitled to.

Supervision of Paedophiles

1.30 pm

Mr. Rob Wilson (Reading, East) (Con): I am pleased to have secured this important debate. I thank the Minister for her interest and engagement. We have already had discussions, and I am sure that she will do what she can to ensure that lessons are learned by the various agencies involved. My remarks today will focus on the personal experience that two of my constituents have had of the current system of managing a paedophile in their local area.

David Cullen was a high-risk, highly dangerous paedophile, and well known to all the local agencies, yet he managed on numerous occasions to offend and reoffend, imparting desolation and destruction on families as a result. I find him a sickening individual, and I want everybody to be in no doubt at all that he caused so much heartache and distress.

Due to the horrendous experience of my constituents, I shall protect their anonymity and refer to them as Suzie Smith and her son. Hon. Members can judge for themselves whether the system worked for them. What I would ideally like from the Minister today is a pledge that a review or inquiry will take place into what has gone wrong, if anything, in this case. I hope that, in due course, recommendations can be made to ensure better handling and monitoring of paedophiles in future.

I am not here today to attack the police, social services in Abingdon or the Crown Prosecution Service. The work that they undertake is complex and fraught with difficulties, and I have great admiration for what they do, but that should not stop questions being asked when things go wrong. My task is to ask those questions and to see whether we can come up with answers and solutions. That is the only way in which things can be improved. I am therefore delighted by the reaction of the CPS, which I shall come to later.

However, I have been slightly less delighted by the reaction of Thames Valley police. I usually have nothing but praise for their work, and I am one of their greatest advocates, but I was taken aback by their reaction to my involvement in the case. I shall not go into detail, because I do not think that it would be helpful on this occasion, so all I will say is that I am here to represent my constituents without fear or favour and to ensure that their legitimate concerns are heard. I have listened to the view of Thames Valley police and read their briefings, none of which substantially differ in detail from the view put to me by the victim's mother.

I am in no doubt that the police did not fully disclose information about David Cullen to Suzie and her son. I am also aware of at least one other family to whom information was not fully disclosed, as it should have been. If the police have other information, I would be more than happy to look at it, but the bottom line is that they have to be accountable, as do we all—I believe that they accept that. I know that the police plan to undertake a review of the case, which I welcome. However, independent scrutiny across all the agencies involved is necessary.

The story begins in June 2005, when Suzie returned to Britain from Spain with her four sons after leaving her husband because of domestic violence. She initially lived in a refuge, but was then housed in an Oxfordshire village north of Reading. In January 2006, she answered an advert in a local shop window asking for help for a widowed man who was responsible for two disabled children. As she had had several years' experience running a business providing carers, she applied and met David Cullen. As is the case with paedophiles, Cullen had a believable—some would say heart-rending—story. He appeared to be a lonely man who was struggling to do his best. Suzie and Cullen became friends. At that stage, the only mention that he made of his past was that the local social services made his life difficult.

The authorities knew that David Cullen was one of the most dangerous men in Britain, as far as children were concerned. Even at that early stage, questions surfaced that require answers. There are legal restrictions on the case, so I shall not say all the things that I would like to say, but why did a court put this man in a position where he had ready access to young children, and little boys in particular? He used his status as a widowed carer to access kind and caring families with children. Thames Valley police and social services have confirmed to me that they suspect that he was using those in his care to access other children.

The friendship developed. Suzie was accompanied by her son when, for example, she took meals to Cullen's house. On one occasion when that happened, her son was seen by a social worker who was in the house talking to Cullen. Apparently the social worker internally raised the alarm that Cullen, a convicted paedophile, was having unsupervised access to a young child. No contact was made with Suzie, and no attempt was made to track her down, as far as we know. Why would social services not have tried to warn Suzie that she was allowing her son to enter the home of a convicted paedophile with a known strong desire for prepubescent boys? If they tried, what form did the attempts take, and how determined were they?

In April 2006, Cullen told Suzie that he was having renewed problems with social services. She was sympathetic, because her former professional career gave her first-hand experience of social services. Then things became more serious, and Cullen told her that he needed to discuss something with her. He told her that several years earlier he had gone to a nightclub with a young man he believed to be 19 years old. When the club closed, they went back to the young man's house and were becoming physically intimate on the sofa when the teenager's mother burst in and caught them in a sexual act. Cullen said that the mother told him her son was under age. He said that he went to court, was prosecuted and, in his words, "put away". He also confessed that he had convictions for other offences including fraud and theft.

Suzie broke off contact but Cullen craftily used disabled children to weaken her resolve. During that time, he was involved with the sea scouts in Henley. He was seen by a retired police officer who recognised him and alerted the police. As a result, an officer rang Suzie. He asked if Cullen had spoken to her, and she said yes. The officer never checked what Cullen had told her, but seemed satisfied with her answer. Social services then got in touch to ask the same question. Again, they did not ask her exactly what Cullen had disclosed in his chat, and they seemed satisfied that her children were not at risk.

It appears that both the police and the social services asked guarded questions about Cullen, whom they knew was a convicted paedophile. According to my constituent, they never gave her a clear and explicit warning about him until June 2006, three months after her son had been raped. That warning came only because the police were concerned about the safety of another boy and wanted Suzie's help.

Finally, Suzie was told the true nature of Cullen's convictions. When she told social services the version Cullen had given her, they said, "We knew that he had been lying to parents." I find that disturbing. If they knew that he was lying to parents, as a paedophile normally would be expected to do, why did they not take action? When the police were asked why Suzie was not explicitly told about Cullen, they explained that he had human rights and that they had trusted him to come completely clean about his past. It appears that, to some extent, both the police and social services relied on nods and winks rather than a full-blown formal warning about the full extent of Cullen's past. Suzie had been completely taken in by Cullen but the authorities did not appear to feel it appropriate to issue a detailed warning about his past.

We need to know and understand why that happened. There may well be a reasonable explanation, but we need to hear it. What was stopping the police and social services from giving such a warning? What human rights were involved? Why was a duplicitous paedophile expected to tell Suzie the truth? Which legislation got in the way of full disclosure to Suzie so that she could protect her son? Did the police and social services correctly interpret it?

When Suzie's son heard about another boy in danger, he told Suzie that Cullen had been touching and hurting him and that he was afraid that he was doing it to another boy. There are further questions for social services about the other boy as well. He was already on the at-risk register but was apparently put in harm's way despite his own family's neglect and their relationship with Cullen.

I do not wish to apportion blame. Again, social services may well have a perfectly reasonable explanation. When Suzie's son came forward, the police and social services were immediately called in, but it was six months after the rape that her son told them about it. According to Suzie, the police at first did not take this seriously and things were muddied by Cullen's claiming that Suzie was blackmailing him about this. It was only when her son sent a letter to the CPS that a decision was made to charge Cullen. But it was not until January 2007 that he was arrested and charged. Incredibly, he was released on bail and within two days he had raped again. Why did it take such a fight to get her son's case to be taken seriously when the police and CPS knew about Cullen's background? Why, after being charged with a boy's rape, was Cullen allowed out of remand within a few days to rape again? Apparently, Cullen was not even under surveillance.

Then the CPS decided that Suzie's son's rape case would lie on file as part of a deal with Cullen's legal team. Shockingly, the CPS did not even consult the victim or his mother. I am pleased that the CPS has apologised for this, but on top of everything else, its action was a devastating blow to the family. It made them feel they were not believed by the police or the CPS. The CPS wanted her son's case to lie on the file and never be heard in court as part of a plea bargain, but she fought, with my help, for it to be put to Cullen at his hearing, where Cullen pleaded guilty to raping Suzie's son. Suzie feels that if I had not become involved and, as she put it, knocked a few heads together, she would not have got justice for her son.

In addition to the questions that I have asked, Suzie wants an inquiry into why a dangerous paedophile such as Cullen was allowed to live in the midst of a small village community with none of the families with children warned. What special precautions did the authorities take to ensure the safety of those families? If precautions were taken, why did those precautions have no effect? Why was Cullen allowed to have unsupervised access to young children when the police—an individual officer was, apparently, overseeing his case—and social services both knew he was a serious danger? Why was he allowed to drive round in a blacked-out multi-purpose vehicle, when his previous offences included incidents in cars? But most of all, Suzie wants to know why she was not explicitly warned of the danger that he posed to her children. Her son was abused on 25 occasions.

I do not expect the Minister to have all the answers, although we have spoken about this matter before today. However, I hope that she will focus on this family's terrible ordeal. There is absolutely no doubt in my mind that mistakes have occurred and that lessons can be learned. But only those in government can act to make sure others are not left vulnerable to dangerous paedophiles such as David Cullen.

1.42 pm

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): It is a pleasure, as ever, to serve under your chairmanship, Lady Winterton.

I congratulate the hon. Member for Reading, East (Mr. Wilson) on securing this debate on a vital issue for us all. I feel strongly about this matter as a parent and as a constituency Member of Parliament, and it is important that the issue has been raised. As he is aware, I cannot go into detail about this specific case, but I can say that there are clearly issues that he is concerned about.

I understand that there has been a decision by the local safeguarding children board to commission a serious case review arising out of those concerns. That has only just been decided, and I can give the hon. Gentleman no detail now. However, I pledge to make sure that the relevant Minister is informed, so that the hon. Gentleman is kept in touch with the outcome of that case so that he can keep his constituent fully informed. It is important that this process takes its course and that we find out from it whether there are wider lessons to be learned.

It is important to stress that this is an unfortunate case. Any child who is a victim of a paedophile is a real victim. Nothing can make it right for the young boy the hon. Gentleman has mentioned or for the other victims of this man. We have robust systems in place overall, and they work overall. There is no general crisis in the system of paedophile supervision, but we are not complacent. It is important to learn lessons from any incident where there has been a problem and a particular issue, such as the one that the hon. Gentleman has mentioned, but I do not believe that we have an absolute breakdown in the system.

[Meg Hillier]

The system is challenging to operate, because we work across the board with the multi-agency public protection arrangements groups. Locally, in the hon. Gentleman's area, the strategic management board of MAPPA will work with the proposed review to learn about whether there any lessons to be learned in respect of future practice for the relevant agencies throughout the country. Any lessons that can be learned from this case that give a wider view on things will be taken into consideration. The hon. Gentleman has asked for a pledge that there will be a review or inquiry. I reassure him, his constituent and other victims of that man that that will take place.

I agree with the hon. Gentleman about the important work that the police, the Crown Prosecution Service and all the other agencies do in undertaking a difficult task. I am concerned about the hon. Gentleman's comments about Thames Valley police. I have been in contact with the assistant chief constable for that force, who has confirmed that he is happy to continue to engage with the hon. Gentleman on this matter, as he has done in the past. I trust that that relationship will become one of honesty and openness, because it is important that we, as Members of Parliament, have such a relationship with our local police forces, with which we work closely on many issues. Of course, the hon. Gentleman is right to want to scrutinise all his local agencies, and we have no problem with that.

The Government are absolutely committed to protecting our children from harm. We have a rigorous system, which is among the best in the world. I am the European Minister at the Home Office, and I regularly represent our interests in Europe. It is clear from discussion in Europe that we are well ahead of the game. We have higher protection and monitoring standards than almost any other European country, and other countries around the world can learn lessons from what we are doing. We do not rest on our laurels. We recognise that we have systems in place that, on the whole, work pretty well.

The hon. Gentleman raised some specific points about disclosure. It is important to highlight some of the general issues in respect of disclosure. I shall mention some disclosure pilots that are taking place around the country. Generally, disclosure should be sufficient to enable the disclosed information about a person to protect anyone that it needs to. That is possibly the issue that the hon. Gentleman has raised in this case. I cannot talk about the individual case that he has mentioned, but that is the important general point.

Disclosure is based on the 2007 guidance on national multi-agency public protection arrangements, which means that disclosure must be considered where it will protect the public. The agencies that are part of MAPPA can make disclosures about offences, when necessary. That means that all the agencies that the hon. Gentleman has mentioned in his speech have guidance that allows them to make those disclosures. The Criminal Justice and Immigration Act 2008 makes that a statutory duty, and it is important that the process is applied proportionally.

The hon. Gentleman mentioned concerns about human rights. The legislation is clear—it allows disclosure to protect the public. As a Home Office Minister and an MP, I say that it is important that the human rights of victims are adhered to. I know that the local police would not have said that the human rights of this gentleman were an issue in respect of not disclosing information. Perhaps the hon. Gentleman would like to take that matter up directly with the assistant chief constable.

Disclosure, when it works well, is important. That is why the Government have introduced four pilots around the country. The pilots started in September, and we will be evaluating their progress in about a year. They are taking place not in the hon. Gentleman's area, but on a force-wide basis in Warwickshire, Cleveland, Hampshire—a police force not far from the hon. Gentleman's own—and Cambridgeshire. That will allow those responsible for children, who are developing a relationship or having contact with an adult, whom they wish to protect to make inquiries of their own to request information about that individual to make their own judgments about how to protect their own children or children in their care. This is a proportionate step to take in tackling some of the concerns that the hon. Gentleman has raised in relation to this case. It is right that we proceed gradually and steadily on a four-area basis. I am sure that the hon. Gentleman will follow closely, as a number of us will, how the pilots work and whether they can be extended to other areas, possibly including his own.

The Government's overall approach to paedophiles and ensuring that children are protected has many parts. The police must have the necessary legal tools to manage the behaviour of child sex offenders. Multi-agency public protection arrangements have been in place since 2000, and their purpose is to ensure that all local agencies work together actively to manage the riskiest individuals and to share information whenever necessary. There is a lot of talk about not sharing information, but in this matter, whatever our views of other matters, I am sure that the House agrees that sharing information about dangerous individuals is vital to protect children.

There has been investment in expert agencies and individuals necessary to protect children and to bring offenders to justice, including a new Child Exploitation and Online Protection Centre, which has been in operation for two years since 2006, and there are specialist prosecutors in every area. Support for victims, including dedicated child abuse investigation units in all police forces, and special measures to help children give evidence in court proceedings are also important.

I have had dealings with my local protection team in Hackney—it is important for all of us to be involved locally—and I am impressed by the level of work generally in ensuring that victims are at the heart of what happens. There may be issues about the case that the hon. Gentleman has raised, but on the whole we generally get it right. The new rights for parents and carers are an important addition to the range of tools.

The sex offender register is important, and the comparison with Europe is stark. We monitor people when they have been put on the register, and they are kept track of because they must register their address if it changes, which gives the police and other agencies the opportunity to keep a close eye on what they are doing to try to prevent reoffending. We can also manage sex offenders who want to travel abroad, because we can impose foreign travel orders to prevent them from travelling, and we have the useful tool of sexual offences prevention orders, which place restraints on the behaviour of offenders who pose a risk of serious sexual harm. For example, an individual could be prohibited from visiting internet chat rooms, from circulating in certain areas or from being within a certain distance of a playground or someone's address. There are important interim measures prior to prosecution, because we should not have to wait until someone has committed a crime and been put on the sex offenders register before we take action. It is important to have those interim steps in place to protect individuals. That, plus good disclosure, can do an awful lot on the preventive side, and we all agree that prevention is vital.

Mr. Wilson: I know that the Minister cannot talk about the specific case, but I am a little concerned that Thames Valley police's warning to Suzie was that she should speak to Cullen. In the light of what she said, that warning does not seem to have been sufficient under their powers of disclosure. Did they make a mistake?

Meg Hillier: We have a review under way, and it would be reasonable to ask the police, as part of that review, to consider specifically whether any disclosures that were made in the case to which the hon. Gentleman has raised, were insufficient in line with the law and the guidance. The question is reasonable, and I am sure that the hon. Gentleman will engage as well as he can with the review. The request is not unreasonable.

Local safeguarding children boards have undertaken to oversee the review locally. They involve local organisations that work together—the local authority, the police and social services—and have a legal duty to work to safeguard and promote the welfare of children in that area. They help to ensure that local agencies work together to prevent abuse and neglect, and if there are any issues about that working together in Reading—I am not saying that there are—the review should uncover that. The multi-agency public protection arrangements were established by the Criminal Justice and Court Services Act 2000. The agencies have a legal duty to work in partnership with each other so that there is a balance between sensible working and what is legally required.

The Child Exploitation and Online Protection Centre has been in existence for two years. It is a law-enforcement agency that brings together police officers, child protection experts and IT specialists from across the public, private and voluntary sectors. I do not want to digress too much from the circumstances of the case that the hon. Gentleman has raised, but we all recognise that online grooming by paedophiles is serious and increasing. I hope that in time the national identity card scheme will help to prevent that, as the scheme in Belgium helps parents to protect their children from dealing with adults online. The centre brings together everyone with an interest in and knowledge of the area. It has a national remit, which includes gathering and co-ordinating intelligence on high-risk child sex offenders and helping to track them in both the UK and, crucially, overseas. We have seen recent headlines about people travelling from one country to another to carry out awful crimes.

We have introduced dedicated child abuse investigation units into all police forces, and rolled out specialist sexual offence officers and rape prosecutors in every area, which is a sensible step. We have also introduced special measures to help children give evidence in court proceedings. Nevertheless, there are cases when, rather than putting a child through court, the CPS is legally able to make a judgment on a better way of achieving the end that we seek—prosecution—without having to put a vulnerable child through the difficult process of a court action. It is right that the CPS can take such decisions locally, based on the detailed knowledge that it has gathered. Speaking as a mother—heaven forbid that it would ever happen to any of my children—the judgment is difficult. One wants the prosecution, but if it can be done in any way that does not expose the child to further harm, that should be considered. We should not rule out the opportunity for the CPS to make that decision, if there are concerns about particular cases.

In June 2007, we published the review of the protection of children from sex offenders following a comprehensive review of the arrangements for managing sex offenders and assessment of what more can be done to help to protect children from sex offenders. The review set out a range of actions to improve the management of sex offenders in the community. As a result, we have placed a duty on all MAPPA-responsible authorities to consider, in every case, whether information on a child sex offender's convictions should be disclosed to a member of the public to prevent a risk of serious harm to a child. I hope that our pilots will give some comfort to the hon. Gentleman, if not in the particular case that he raised; that we have a well-planned way of ensuring that disclosure is further improved for parents and those caring for children when they are not aware of contact with paedophiles in the early stages.

Overall, we are proud of our achievements. We do things differently from other European countries and other countries around the world. We do not rest on our laurels, and every case in which agencies are involved rightly requires that we examine what has happened and that we review, check and ensure that everything was done that could be done. I hope that the review in the hon. Gentleman's area will give him some comfort that the matter is being taken seriously, and that if there are lessons to be learned, they will not only be learned about local practice, but will be rolled out so that any issues that should be taken up nationally will be.

I am not into buck-passing, because I speak as a Minister and I take responsibility for that, but it may be appropriate for other Ministers to have contact with the hon. Gentleman on some of the issues around the case. I pledge today to ensure that if he has any concerns or queries about the case and contacts me in the first instance, I will ensure that he receives a proper response from the relevant Minister on the particular points that he wants to raise. I hope that that, with the review, will give him some comfort and assurance that the Government take the matter seriously. We will do our best to ensure that we learn any lessons from the case.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 26 November 2008

[MR. ROGER GALE *in the Chair*]

Temporary Housing

Motion made, and Question proposed, That the sitting be now adjourned.—*[Chris Mole.]*

9.30 am

Mr. Neil Gerrard (Walthamstow) (Lab): I am pleased that we are having this debate because the issue of temporary housing affects many of my constituents. Almost every time I hold an advice surgery and see people with housing problems, someone who lives in temporary accommodation will attend. The problem has been and still is huge, particularly in London.

The housing statistics show that, by the end of 2006-07, 87,000 households were living in temporary accommodation. By March this year, that figure had fallen to 77,000, which is certainly an improvement. In some ways, we are in a much better situation than we were a few years ago, when many of the people concerned would have been in bed and breakfasts, rather than in flats or houses. We have virtually got rid of the use of bed and breakfasts—I think that about 5 per cent. of people in temporary accommodation now live in them.

Bob Spink (Castle Point) (Ind): I am grateful to the hon. Gentleman for bringing this important debate to the House. As we approach Christmas, homelessness and temporary accommodation is a serious matter, particularly for families with children. During the past 10 years, things have definitely improved and I congratulate the Government on their efforts in trying to deal with the problem, but there is still too much use of bed-and-breakfast accommodation, which is, in some ways, used by my council to threaten and cajole people. Bed-and-breakfast accommodation is often particularly unsuitable for people with young families because it is sometimes rat infested or damp. That type of accommodation must be stamped out completely.

Mr. Gerrard: I agree. The figure is down to 5 per cent., which is good, but I know that some local authorities still use bed-and-breakfast accommodation. My local authority does not and has not for some time, and I am pleased about that because it has made a positive difference.

Grant Shapps (Welwyn Hatfield) (Con): For the sake of accuracy, does the hon. Gentleman agree that the figures are in fact twice those of 10 years ago, even though they have fallen in the past couple of years?

Mr. Gerrard: I assume that the hon. Gentleman is talking about the number of people in temporary accommodation, not those in bed and breakfast. There is no doubt that there has been an increase. I understand why local authorities feel the need to use temporary accommodation and there is no question but that, in some cases, people in temporary accommodation—whether a house or a flat—live in far better conditions than those in which people in similar situations lived some time ago. However, there is still a problem. The majority of people in temporary accommodation probably live in London and only a small proportion of those—less than 25 per cent.—stay in that temporary accommodation for under six months, while about 40 per cent. stay in temporary accommodation for two years or more.

David Taylor (North-West Leicestershire) (Lab/Co-op): As an occasional critic of my Government's housing policy and their attitude to local authorities, I feel that it is important to start on a positive note. The target to halve the use of temporary accommodation by 2010 was set in 2004 and has been achieved in a number of regions, particularly my region of the east midlands. However, there is still an issue in relation to those in bed and breakfast and, indeed, hostel accommodation. The majority of people in hostel accommodation are ready to move into something permanent, if only it existed.

Mr. Gerrard: I accept that point. Many local authorities are moving towards that target, but there are still serious problems in London and doubts about whether we can meet it. My hon. Friend made a point about hostels, but the figure of 87,000 households in temporary accommodation masks the true situation because it does not include the people whom local authorities do not accept as priority homeless and whom they do not take on. Those are generally young, single people, and they can end up in some of the worst situations and in hostels. I shall return to that point.

Clearly, we will not solve this problem without doing something about the supply side and increasing the supply of affordable rented housing through registered social landlords. I know that the Government are now making welcome moves in that direction and are considering what can be done to increase supply, but obviously that will not happen in the short term. I do not want to focus too much on the issue of new build, although that matter is obviously critical, but there is the question of the 50 per cent. target, how we can attain it and what we can do in the meantime to make conditions and costs more bearable for people who are in temporary accommodation and likely to be so for some time.

Jeremy Corbyn (Islington, North) (Lab): Is my hon. Friend aware that in London the 50 per cent. affordability target appears to have been virtually abandoned by the Mayor in favour of borough-wide negotiations? In any event, only a third of those properties would be available for rent; the rest would, in effect, be unaffordable for people with desperate housing need because the costs are simply too high.

Mr. Gerrard: I am aware of that, because it is an enormous problem for London. I am sure that it will be impossible for most London boroughs to solve their housing problems on their own. We need London-wide solutions, but we seem to be moving away from that. The consequences for people in temporary accommodation—particularly those who are in it for long periods—are fairly obvious.

I am sure that many hon. Members will have seen the insecurity that such a situation creates for people. It is not unusual for people to move from one temporary property to another. In many cases in London, people

[Mr. Gerrard]

are not even moved within the borough that they come from: they are moved to another borough, miles away from family and friends. Just last week, I saw someone who has been put in temporary accommodation in Walthamstow by Hammersmith and Fulham council. That is not his first temporary place. Before that, he had been in temporary accommodation in Edmonton, although his family and friends live in Hammersmith and Fulham.

Such movement creates problems in getting children into schools and moving them from one school to another. When people are constantly being moved from one place to another, there are also consequences for them when they try to find and keep work. Some pilot schemes have been run to try to deal with that issue. Waltham Forest was one of the boroughs that ran the working future pilot, which considered what could be done to help to get people in temporary accommodation into work. I would be interested to know whether the Minister has assessed how those pilots worked and whether we might be able to extend them.

A further issue for many people who are put into temporary accommodation relates to the conditions in which they live. Again, I frequently see people who live in temporary accommodation and who have been put into the most appalling places. I sometimes wonder what checks are carried out before some of those properties are used. Last week, I saw a case in which someone had moved into a flat that had no hot water or heating, and within a week the bathroom ceiling had collapsed and there were rats in the property. Through public money—housing benefit—we are paying more than £300 a week to keep someone in such accommodation.

Another case I have recently seen involved someone who was put in temporary accommodation that, again, cost more than £300 a week. The place was a tip and was more or less unfit for human habitation. The person concerned, who was a pensioner, ended up moving out and sleeping on a camp-bed in her daughter's kitchen because she simply could not bear to stay in that place any longer.

One issue that I would like us to examine is what we can do to try to ensure that the condition of properties used for temporary accommodation is decent, because frequently it is not.

Bob Spink: I am grateful to the hon. Gentleman for raising the issue of the condition of accommodation. I represent two communities: an island community, Canvey Island, and a mainland community, and the division is about 50:50. Islanders are islanders. Sometimes the local council will threaten islanders with bed-and-breakfast accommodation that is out of borough, totally unsuitable and in very poor condition if they do not accept a place that they are offered on the mainland, which is completely outwith their community, friends, schools and so on. People are threatened and cajoled. They are told that if they do not accept the place, they will have to go into a bed and breakfast. That is intolerable in this day and age.

Mr. Gerrard: I am not familiar with the hon. Gentleman's local authority, but if what he says is accurate, it does not sound like how I would hope a local authority would behave in dealing with housing applicants.

An issue that I have touched on and want to return to is costs, because the rents for many properties that people are put into temporarily are unaffordable. Again, I recently dealt with someone who was moved out of a council property, for very good reasons; it was not her fault. She had been paying £84 a week rent in the council flat, but she was put into temporary accommodation outside the borough and the rent was £360 a week. For her, that was completely unaffordable. She is working, but obviously the housing benefit is not sufficient to make up the gap and she is considering whether to give up work, because otherwise she will be unable to afford to stay in the place. Time and again, we are paying out very large amounts in housing benefit—public money—for very poor-quality accommodation.

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate my hon. Friend on securing this important debate. Does he agree that the perversity of the financial situation is underlined by the fact that, often, more is being paid out to house people in awful conditions than it would have cost to build social housing of a decent standard for people to live in, and in some cases the properties in unsatisfactory condition are council properties that were sold off?

Mr. Gerrard: I absolutely agree. We need to get to grips with the financing and how we are spending so much public money on temporary accommodation.

David Taylor: On that important point, research by the Supporting People programme shows that the cost of providing 50,000 bed spaces for single homeless people per year is about £250 million. That is £5,000 per bed space, which makes our right hon. Friend's point even more vivid and undeniable.

Mr. Gerrard: I take that point. There have been questions about what the subsidy levels should be for housing benefit where local authorities are leasing properties, and some reductions have been made. The London councils in particular are concerned that that might happen again and make it difficult for them to lease. One consequence of the pressure on the London boroughs has been competition between them to find properties in what they regard as the cheapest areas, so now people are frequently housed temporarily outside their borough of origin. If one looks at the statistics, it is obvious that certain boroughs make a practice of that and very significant numbers of the families they accept as homeless end up in temporary accommodation in another borough. That leads to some of the problems that I mentioned earlier, of security, work and schools. Moving people around in that way often leads also to problems in ensuring that they receive the council tax benefit and other benefits to which they are entitled. Such competition between the London boroughs is very unhealthy. I understood that there were agreements between the boroughs to try to avoid too much of that shopping around, but they do not seem to be working at the moment.

Jeremy Corbyn: Does my hon. Friend share my concern at the over-close relationship that a number of boroughs seem to have with particular letting agencies, which almost do block lettings, apparently with very little pre-inspection or aftercare when people are moved into those properties?

Mr. Gerrard: I think that is the case with certain boroughs. Not with all but certainly with some boroughs, there are those sorts of problem.

Much of what I have said about what happens to people who are placed in temporary accommodation by local authorities does not apply to single people because, in general, single people will not be accepted as priority homeless, so they end up in an even worse situation. They are forced into hostels or night shelters. Sometimes they have to rely on the charity of friends or relatives. As my hon. Friend the Member for North-West Leicestershire (David Taylor) mentioned, 50,000-plus single homeless people have ended up in hostels. Some of them are helped by the Supporting People programme, which certainly makes a difference, but not all the people in hostels will end up being helped by that programme. For some of the people in hostels, what should be a short-term, temporary measure turns into a long-term problem because there is simply nowhere for them to move on to easily from the hostel. Again, if they are in a hostel where the rents are high and they are reliant on housing benefit, it is extremely difficult for them to get out of that place and get into their own property and into work. In addition, the conditions can be extremely poor.

I shall refer to an example from my constituency. Recently, I have been dealing with some of the tenants of a hostel called Lea Bridge house, which is owned by a registered social landlord, Chiltern Hundreds Charitable Housing Association, and managed through Paradigm Housing, an organisation in its group. It is being run as a commercial hostel, is not using the Supporting People programme and is charging market rents, although I think that the rents being charged are significantly more than market rents. What seems rather strange—I am still trying to have it clarified—is that although I am told that it is being run as a commercial hostel and market rents are being charged, the organisation appears to be treated as a registered social landlord for housing benefit purposes, so those inflated rents are paid for through housing benefit.

There are people living in that place—temporary accommodation—paying £130 a week altogether in rent and service charges. What they get for that is a tiny room, and in the room is a single bed, a small table, one chair and perhaps a small fridge. That is it—that is the total amount of furniture in the room. Everything else is shared. There are shared washing facilities, shared toilets and shared kitchens—by the way, there are both men and women in the hostel—and most of that £130 a week is paid through housing benefit.

What disturbs me even more is what happens when people who find themselves in that situation try to challenge the rent. Two of the tenants in the hostel went to rent assessment committees. In one case, the committee said that it believed that the rent increase that had been imposed was invalid and it could not adjudicate on it. In the other case, the committee decided that it could adjudicate; it found that the rent should not be £130 a week but £75 a week, and the rent was reduced. No one else's rent was reduced. The consequence was that eviction proceedings were started against both tenants. In one case the eviction has already happened; in the other, it is still proceeding. Under section 21 of the Housing Act 1988, no reason has to be given for eviction because they are assured shorthold tenancies, and it is virtually impossible for tenants to defend themselves.

That is the sort of situation that results in people ending up in hostels. Their rent is far more than I believe the justifiable market rent should be, and they are living in poor conditions. When they try to do something about it—if they challenge the rent and go to the rent assessment committee—the consequence is eviction; but they have virtually no protection against eviction because of the nature of the tenancy.

When I questioned the housing association about its policy of eviction, it said:

> "We do not have a policy of evicting tenants who challenge the Rent Increase Notices sent to them"

that sounds fairly straightforward. However, it continued,

> "but financially we cannot afford to house tenants who are paying £75 a week. Unless tenants' pay a commercial rent which is acceptable to the Association, we have no option but to replace those tenants with others who are willing to do so."

If that is not an eviction policy, I do not know what else it could be.

It concerns me that a registered social landlord can take that sort of attitude to vulnerable people living in a hostel. I appreciate that the Minister will not know the details of the case, but it is not the sort of thing that we should expect from a registered social landlord, even if things are being run as a commercial operation. I know of other hostels where conditions are probably worse and where rents are higher. Those are the sort of situations in which single homeless people find themselves.

We are right to want to build more decent, quality family housing and to help stop families having to go into temporary accommodation, but we should not forget single homeless people. They are faced with the sort of hostel that I have described—and often far worse. None of these problems will be solved without the supply side being addressed with new build and doing more to bring empty properties into use, and in London doing it on a city-wide basis, as local authorities cannot solve the problem only within their own boundaries.

Bob Spink: I am listening carefully to the hon. Gentleman. One area of supply that he has not yet mentioned is the Government purchasing blocks of flats that are unsellable because of the credit crunch and the current economic situation. I know that the Government have put quite a bit of money towards such a scheme; indeed, we discussed it in this Chamber only last week. However, I encourage them to go even further and provide more money so that local authorities, housing associations and social landlords can take that stock off the market. It will help the housing market and the economy generally, and it will certainly help homeless people.

Mr. Gerrard: I would certainly like to see that done. I recall that 30 years ago, when I chaired a local authority housing committee, we used to buy properties on the open market. In one instance, we bought a complete estate that had been built by a private developer who was having trouble selling the properties. It did not distort the housing market in the area, and it made a significant contribution to our being able to re-house people in decent property. I have never seen a problem with local authorities doing that.

[Mr. Gerrard]

We should consider other solutions as well as looking at the supply side. I know that housing benefit reform is being considered. As part of that process, I hope that the Government will consider the impact of housing benefit on temporary housing and what might be done to change the system. I hope that they will look at what can be done to improve the standards and conditions in which people have to live, and to ensure that if people have to live in temporary accommodation—we must accept that will happen for some time to come in London, however well we do against our targets—they can live in decent places at a reasonable cost to them and to the public purse, through what we pay out in benefits.

9.55 am

Mr. Andrew Smith (Oxford, East) (Lab): This is a vital subject, especially in areas under as much housing stress as Oxford. I congratulate my hon. Friend the Member for Walthamstow (Mr. Gerrard) on securing the debate and on his excellent speech.

Underpinning all our discussion is the shortage of affordable housing in general, and social housing in particular. In welcoming the announced bringing forward of capital spending for housing, I urge my hon. Friends to ensure that some of it is in Oxford and, moreover, that the Minister looks hard at how to bring forward the planning decisions that are essential to providing the housing that we need in Oxford and in other areas.

I know that other Members want to speak, so I shall keep my remarks succinct. As my hon. Friend the Member for Walthamstow acknowledged, there has been a decline in the number of people in temporary housing. That is welcome, especially when it results from genuinely preventive work, such as mediation to help avoid family breakdown. However, that welcome fall in the headline rate cannot disguise the fact that underlying problems remain, not least because one way that councils, including Oxford, prevent statutory homelessness is by encouraging people—for example, through help with deposits—to move into the private rented sector.

It is important to understand that people who are moved into the private rented sector often see themselves as being worse off, and in many respects they are. If they are in temporary accommodation, they can expect a social rented tenancy in the future, with less chance of having to move in the meantime; but in the private sector they are all too often in temporary accommodation, on a six-month or yearly tenancy, with no priority for social housing and no long-term prospect of anywhere affordable.

The other consequence, as my hon. Friend mentioned, is that whichever form of temporary accommodation people are in, rent levels are such, especially in high-demand areas such as Oxford and London, that the disincentives to work are enormous. In February this year, of 130 households in temporary accommodation provided directly by Oxford city council, only five included someone in work. I am sure that can be multiplied across the country.

The situation gives rise to at least five big policy implications. The first is the need to consider whether the current requirement to give "reasonable preference" to those in temporary accommodation is fair in the circumstances. As I said, it does not look fair to those who have been forced into private rented accommodation.

Secondly, there is a need to raise standards in the private rented sector, both because the sector is important in its own right and because it houses many who would previously have been in more tightly regulated temporary accommodation, with all the shortcomings mentioned by my hon. Friend. That underlines points that I have previously made to the Minister—we look forward to showing him the situation when he visits Oxford in the near future—in particular, about the need for city-wide regulation of houses in multiple occupation and the licensing of landlords.

The third policy implication was mentioned by my hon. Friend the Member for Walthamstow. It is the need to address the disincentives to work and to explore extending the sort of approach that was piloted in the Working Future project in east London. Although the project involved only relatively small numbers of people, those taking part who received the additional rent subsidy had a 40 per cent. higher rate of job entry than those in the control group, who received similar treatment but without the subsidies. Without doubt, such initiatives, along with wider reform of the benefit system, must form part of the answer.

Fourthly, and obviously—we are all stressing this point—we should build more affordable homes and accelerate social housing provision, which is long overdue. I agree with the point made by my hon. Friend: single homeless people must be included in the provision. If they are not, the consequences for lives and communities will be devastating.

Finally—this point has not been mentioned yet—I urge my hon. Friend the Minister and his colleagues to bin the Chartered Institute of Housing's ludicrous proposal to end security of tenure for council tenants, whether new or existing, which would in effect turn all social housing into temporary housing. That would be grotesquely unfair to council and other social tenants, and would be disastrous for communities, because it would create concentrated ghettos of the most disadvantaged people and deepen the spiral of worklessness, which, as I just said, is such a problem. I hope that my hon. Friend will make it clear that the Government will have no truck with that proposal.

David Taylor: Not only would the proposal create ghettos, it would run counter to 60 years of Labour party policy to provide mixed communities in local authority estates. We abandon that policy at our peril, both socially and, in particular, politically.

Mr. Smith: My hon. Friend underlines the point effectively. The proposal would stigmatise social housing, and concentrate and deepen social disadvantages.

Those in housing need deserve affordable accommodation of a decent standard that enables them to work and to enjoy a more secure life in balanced communities. Temporary accommodation, whatever form it takes, is at best a short-term expedient. It is never the lasting solution that communities need and tenants deserve.

10.3 am

Jeremy Corbyn (Islington, North) (Lab): We seem to have a Westminster Hall housing debate roughly once a week, which is an indication both of the strong feelings among Members about constituents' housing problems and of the continuing direction of travel in this country. Last year, of 191,000 new properties completed, only 27,000 were for the social rented sector. I suspect that the number completed this year, and therefore the number available for the social rented sector, will be much less. We are stacking up problems year on year.

Local authorities are stuck with the problem of a statutory obligation to house homeless and vulnerable people, but they simply do not have the stock with which to do it—certainly in big cities, especially London. As a result, local authorities take the only course open to them, which is to house people in the private sector. My local authority took 2005 as the cut-off date; after which new housing applicants in Islington could not get a housing association or council property. Their only option now is to enter the private sector where although rental deposits might be paid by the local authority, they themselves will have to pay the rent, either through housing benefit or by getting a job.

Last year, the housing benefit bill was £4 billion, a large proportion of which I suspect—I do not have the exact figure—went to the private landlord system. The average cost of private rented accommodation is between twice and four times that of social rented accommodation, despite the similarity of the properties—indeed, they are often ex-local authority properties. The amount of public money being poured into the private landlord system is ludicrous. Instead, it should be invested in rented housing for those in desperate housing need.

I appeal strongly to the Minister to give us just two bits of good news: first, that the absurd idea of temporary tenancies for local authority tenants will be abandoned. My right hon. Friend the Member for Oxford, East (Mr. Smith) made the same point. The proposal is immoral, wrong and counter to everything in which our party believes—everything we have believed in all our lives. Secondly, on Monday, the Chancellor announced a large amount of money to be spent on getting us out of the financial crisis, including a large amount for housing—£700 million, I think. I hope that the Minister will tell us that a lot of that money will go either to building rental homes or to buying properties, if of a sufficient standard, unsold on the private sector market. We must ensure that the lot of the worst off in society is not made even worse by the crisis.

In my borough, 916 households are living in temporary accommodation; 294 of them live out of the borough, which is a fairly normal figure across London. My hon. Friend the Member for Walthamstow (Mr. Gerrard) told us about competition between authorities housing people in other boroughs. That is crazy. We have set up a sort of competitive market in which local authorities try to devolve their housing responsibilities to private landlords and then compete for areas in which to do it. A suspiciously large number of out-borough nominations from my borough end up in Enfield or Tottenham.

Some boroughs seem able to provide housing wholly within their own borough. For example, Hackney, according to an answer given to my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck), has not placed anyone outside the borough. Westminster and Kensington and Chelsea, on the other hand, seem to place very large numbers of people outside their boroughs, although Westminster was unable to report on the exact figure, presumably because it was too big. It is completely unacceptable that a couple of boroughs—Haringey and Westminster—seem incapable of reporting the figure.

Sarah Teather (Brent, East) (LD): The Haringey figure was reported yesterday in response to a parliamentary question of mine. Haringey has the largest number of children in temporary accommodation, but the figure was not reported for previous years. It has finally counted the number, but it appears that it tried to hide the figure because it is so large.

Jeremy Corbyn: And the numbers are so large because of the lack of building, and the difficulties that local authorities have had in the past with building. We must conquer that problem. However, I am not defending the numbers in private accommodation—quite the opposite.

The Minister may have had the pleasure—if that is the right word—of reading the report on the Mayor's London housing strategy, which has an unusually long declamatory introduction from the new Mayor. However, it is woefully short of detailed proposals, except that he will have negotiations with every London borough to achieve a 50 per cent. target. It contains no word about the results of those negotiations or borough meetings—indeed, I am not sure whether any have been held yet.

The report appears to contain a series of aspirations. The Mayor says a great deal about the necessity—in his view—of people getting on the housing ladder and purchasing property, but not an awful lot about affordable homes and even less about social rented accommodation. I am sure that the Minister understands that the situation in London is desperate. In a normal constituency, such as mine or those of my hon. Friends the Members for Regents Park and Kensington, North and for Walthamstow or of the hon. Member for Brent, East (Sarah Teather), the proportion of people who can afford to buy a property in their own community is probably less than 20 to 30 per cent. For very large numbers of people, home ownership in London is simply a pipe dream, so the only way forward is to build homes for rent.

One piece of information in the Mayor's report that is of interest is a chart entitled, "Homeless households: numbers in temporary accommodation and lettings by region." Last year, all regions had a larger number of social housing lets made to homeless families than there were homeless households in temporary accommodation. In the case of London, however, it was the other way round. Nearly 60,000 households were in temporary accommodation, with only 11,000 new lets during the year. That is a measure of how bad the problem is, and it is getting very much worse.

I will be brief because other hon. Members want to speak. The Minister will have seen Shelter's proposals for dealing with housing supply in the current climate. I hope he recognises that Shelter, along with many other organisations, is sensibly proposing that we consider housing as a social priority for the whole country and that we do all we can to invest in new housing for rent at the present time. This is a debate about the supply of temporary and rented accommodation.

[Jeremy Corbyn]

My final point—I hope that the Minister will understand its importance—concerns the enormous amount of money that we are pouring into the private rented market through the housing benefit system. I am not in any way critical of people who claim housing benefit. I absolutely support such claims; it is a right and people should enjoy that right.

David Taylor: Does my hon. Friend agree that there have been some particularly egregious cases in which local authority housing departments have rented very large, expensive houses when that is not the best value for public money? That has had the effect both of wasting money and of stoking the prejudices that are often evidenced in the national press, especially in the *Evening Standard*, against those who are homeless or in need of affordable housing.

Jeremy Corbyn: Yes, the *Evening Standard* and other papers seem quick to find someone who has been housed in a particularly valuable home so that they can blame the tenant for being placed there by a local authority. Such a story becomes quite unpleasant and intrudes on that person's life. The reality is that the person probably had no choice about where they were placed. If it is a good property, that is fine, but such stories detract from the real issue, which is the cost to all of us of the private rented system. It is time for us to look at the models that successfully operate in many other parts of the world. There are better systems for registration of private and rented authorities, much better inspection and much tougher standards on the operation of them.

It is fairly clear that when one is in the ultra-commercial private rented sector, conditions are often very good. We are talking about extremely high rents in central London. The conditions are good; there are concierges, caretakers, repair teams and all the rest. However, the rented properties leased to local authorities, or rented to tenants nominated by local authorities, are appalling. Repairs are not done. The properties are often vermin-infested, dangerous and totally unsuitable for children. Is it not time that we were much tougher on regulation, and that we brought in rent regulation?

The Labour Government of 1974 managed to introduce rent regulation. Harold Wilson, the then Prime Minister, threatened to keep the House sitting throughout August unless that piece of legislation went through. Well done him. He showed determination to do something about the scandal of the private rented sector. I hope that in this crisis we will be prepared to make similar efforts to protect people.

The losers in temporary accommodation are vulnerable people and the children who have to move schools frequently and cannot build up a network of friends. The community also loses out because there is no stability and people cannot contribute to school governing bodies, tenants' associations and residents' groups and all the rest. We end up with an increasingly fractured, transient society. What we desperately need is stability through secure, affordable rented accommodation delivered mainly through local authorities, as our party has always campaigned for and proudly delivered in the past to many people in desperate housing need.

10.14 am

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I congratulate my hon. Friend the Member for Walthamstow (Mr. Gerrard) on securing this debate. I introduced a debate on temporary accommodation a year ago, and a number of the points remain valid. I will be reinforcing many of the issues that my hon. Friends have raised.

In dealing with the current housing situation, we seem to want to pursue a number of incompatible objectives. Individually, such objectives might be entirely reasonable, but they are not consistent with each other. For example, we want to reduce the number of households living in temporary accommodation, which is absolutely unarguable. Temporary accommodation is not a good thing, nor is it a desirable place to be. We also want to reduce expenditure on housing benefit, yet one of the strategies that we are adopting is to divert people from temporary accommodation and move them into private-sector leasing, which can be even more expensive.

We want to achieve the target of reducing temporary accommodation by 50 per cent. However, we do not want to do it in such a way that we increase overcrowding or pressure on the social housing stock. I am afraid I have to tell my hon. Friend that that is completely impossible. We want to maintain the Department for Communities and Local Government's code of practice on the limited use of out-of-borough temporary accommodation placements. None the less, we want to cut expenditure on temporary accommodation, which has the perverse consequence of encouraging the use of out-of-borough placements.

For understandable and, in many cases, good reasons, we are in a mess. Part of the problem is that we desired to use the example of the successful and sensible decision to set a target for ending the use of bed-and-breakfast accommodation and apply it to temporary accommodation. We have done that in a way that has had a number of perverse consequences.

I shall run through a few points. I cannot apologise for the fact that they will be stressing the same issues that my hon. Friends have raised. We must remember that we are dealing with real human beings who are going through the homelessness process. I am sorry to say that our approach to homeless households is one that we do not adopt for anyone in need of services and support in any other area of public policy. If someone is sick, we do not say, "It does not matter how good your doctor is, because if you are sick, you will just be very grateful to have a doctor." If someone has a child coming up to school age, we do not say, "If you are desperate to have your child educated, it does not matter how bad the education is because you will just be very pleased to have a school for your child." Yet, when it comes to housing people who are in housing need or homeless, we adopt an approach that is fundamentally no different from the Poor Law Amendment Act 1834, which says that if someone is in housing need, it does not matter in what conditions they are housed because they are so desperate for a home that they will be grateful. That is the legal position adopted by local authorities when determining their duties under housing legislation.

In my surgeries, time and time again I see people from the borough of Westminster who have been told that if they make a housing application, they will be housed in Barking and Dagenham or Walthamstow. If they refuse the accommodation that they are offered, the case will be classed as "duty discharged". We then end up with a situation such as this:

> "I take this opportunity to write to you and explain my situation. I am a family man of 5 children and a wife, my children are from the ages of 14 years old, 12 years old, 10 years old, 8 years old and a baby boy of 7 months old."

He said that he was living near the Harrow road,

> "near to members of my family, my brothers and sisters. On the 16 of January I was asked by the court to evacuate as the landlord was not up to date with the mortgage payment, at the time I was paying rent direct to his agent…On the date of my evacuation I went to the Westminster Housing service…for advice and was asked to fill in an application for temporary homeless, and I was then put up in a hotel in east London."

His wife suffers from numerous health problems and is registered in Paddington. He said:

> "My children attend a school in the Westminster area which makes this difficult for us to commute every morning. In March, the council offered us an accommodation in Victoria".

However, the property was too small for the family and was not of a decent standard. The individual in question refused the offer and the case went to review. The housing offer was cancelled and he added:

> "From the 7th of July my family and I will be homeless. I was wondering if there is any way you could help in this matter".

In other words, if accommodation is not in a location or condition that families feel able to accept, the duty to them has been discharged, and they end up on the streets. In many cases a slightly perverse consequence is that they end up being supported by social services in the same local authority where the housing department has discharged the duty, at a fantastic cost. Social workers from that very local authority ring me to ask whether there is anything I can do about a family, because their housing authority has refused, and the social workers are acting as housing officers because so many families are caught in those difficult circumstances.

My hon. Friend the Member for Walthamstow mentioned out of borough nominations, which is a persistent and serious problem in my constituency. A family came to see me two weeks ago. They had lived in the Church street area of Westminster since Mr. A was born. The two younger children are in a school in Church street, and the family now commute daily from Barking to bring the children to school. Families do that all the time, having decided that the school is the one place of safety and stability in their entire turbulent family life. They commute with their children for an hour and a half in the morning and at the end of the day, at huge expense, to keep the children in a stable environment. Mr. A works near Marble Arch, and Mrs. A is the registered full-time carer for her father-in-law, who also lives in Church street. In my view such a case is in clear breach of the code of guidance applied by the local authority. It is under review at the moment so I do not know what the outcome will be, but it strikes me as a case in which the principle of the code of guidance, that families with a clear local connection and good reasons for remaining in a community should be assisted in doing so, should be applied.

In a third case, from a little while ago, a lady, Mrs. S, wrote to me:

> "I used in live in Harrow Road…I was moved to Dagenham three years ago by Westminster after I separated from my husband after domestic violence…My husband, who was coming to see my son, knew that because I was isolated from my family and friends and vulnerable, he could dominate me easily…I now feel more vulnerable than ever. I asked…for help and support by transferring me back to the…area where all my friends and family are but they refused. Being a Muslim it is much more difficult to socialize in this part of London".

Of course there is a further dimension in that case, which is the housing of homeless families from black and minority ethnic communities in parts of the city where community cohesion is a real and pressing problem.

What makes the matter worse at present is the fact that several temporary accommodation leases are coming to an end, partly because of pressure to achieve the target of a 50 per cent. reduction in the use of temporary accommodation. That means that families, some of whom have already had eight different temporary addresses—in my borough there are families who have stayed in temporary accommodation for up to a decade, making the term something of a misnomer—must move yet again. A few weeks ago I was dealing with a family who were due for eviction because the lease on the property came to an end, and who had to sit all day on the pavement, with their young children and their luggage, waiting for alternative accommodation to be provided. In such cases families receive a standard letter:

> "When we offered you your current home we explained that we do not own it—we lease the property from Notting Hill Housing Association who in turn leases it from the owner. As you may already know the owner wants the property back and we are in the process of ending your tenancy. This means we have to find you somewhere else to live.
>
> We do not have anything for you at the moment but as soon as we find another home we will contact you. Unfortunately, we cannot say when this will be as we cannot predict when a suitable property will become available. We will try to find you another home before the Court ends your tenancy, however, please contact us immediately if you receive a notice of eviction from the court bailiff."

That tenancy is due to end before Christmas. I know of several others due to end on 30 December, including that of a woman who is the chair of governors of a struggling primary school, where she has been an enormous inspiration to the local area. She has been told that her tenancy will end. There is no indication of how and when alternative accommodation will be provided for her. Some of the families affected will be told to expect to have to go back to bed and breakfast—after all they have been through, including bed and breakfast in the past—because there is no comfortable match between the supply of temporary accommodation and their needs.

With all those problems, there are about 53,000 households, not including single people, in temporary accommodation at the moment, whose lives are under constant pressure of disruption. As my hon. Friends have said—I think everyone has made this point—it is at a fabulous cost to the public purse. The standard charge for our accommodation is £435 a week, which adds up comfortably to £500 million a year just for families in temporary accommodation on housing benefit.

My hon. Friends also all said that the situation means that families wanting to work face an impossible hurdle. We understand that around 90 per cent. of households in temporary accommodation are unemployed, compared to a 60 per cent. average for working age households in social housing tenancies as a whole. There is a clear gap that can be explained by no other factor than the sharply steeper rents in private sector

[Ms Karen Buck]

leased accommodation and temporary accommodation. It seems strange to me that we did not want to pursue the "Working Futures" model and treat rent through the block grant system in the same way as we would treat people on social tenancies. That would enable people to go back to work.

There is much more that we can do. We need to carry on improving the standard of temporary accommodation, because although some properties are in good condition still too many are not. We need to deal with the issues of work incentives and people on housing benefit; we need to deal with out-of-borough nominations, and to enforce the code of practice in the interest of community cohesion, family stability and mixed communities. We need to review the application of the 50 per cent. reduction target for temporary accommodation. It is having a catastrophic effect on transfers for people already in social rented accommodation, and leading to perverse consequences in the private leased sector, which has given rise to all the high-profile cases on which the media have recently reported.

Bob Spink: I thought that the hon. Lady might point out the need to deal with the supply of housing. In my borough we need about 200 more social housing units, which would help tremendously, but I do not see how we can get them. However, many local authorities are sitting on significant reserves of section 106 money, which is not being spent, but which could help to provide that supply. It could even supplement the additional money that I hope the Minister will announce.

Ms Buck: The hon. Gentleman is completely right. Last week we had another debate about housing in London, in which we discussed the issue of supply, so I did not want simply to repeat the same points. Of course supply is the key to the matter but, with specific reference to temporary accommodation, it seems far more sensible to capitalise the stream of housing benefit that we are pouring into the pockets of private landlords, often for substandard accommodation, and develop a hugely increased programme of temporary to permanent schemes, so that we provide stability for people in their accommodation.

Of course we want to continue driving forward supply. It is a great sadness to me that my local authority managed to achieve a figure last year of only 11 per cent. of all homes being affordable. I have no great optimism, under the present London regime, that the situation will change without what I am looking for, what I hope for, and what I am confident we shall deliver through the Government. There will be tension between local authorities and the Mayor of London. Supply is the key, but I still maintain that even within the present supply regime there are many things we can do to sort out the perverse incentives and conflicting objectives, to improve quality and work incentives and try to ensure that the vulnerable families and single people who through no fault of their own become homeless by definition, because of the way the duty is dealt with, do not have to go through the sheer hell that so many thousands experience every day in London. If we are serious about a social cohesion agenda those families must be at its heart.

Mr. Roger Gale (in the Chair): I urge Opposition Front-Bench Members to exercise a little restraint to allow the Minister time to reply.

10.29 am

Sarah Teather (Brent, East) (LD): I congratulate the hon. Member for Walthamstow (Mr. Gerrard) on securing this vital debate and I agree entirely with the points that he made. The real problem with temporary accommodation is how long people often remain in that situation.

I also agree strongly with the hon. Member for Regent's Park and Kensington, North (Ms Buck), who made a typically thoughtful and insightful speech on housing. I have exchanged views with her in many such debates, and I think that her constituency is similar to mine in this regard. She made the point that we often treat people who are homeless far worse than we would treat anybody else who is vulnerable.

Something about having a home and the nature of that home is critical to a person's identity, but all too often, because of rationing, we give people the bare minimum and make them beg for it. The fact that local authorities force people to wait on their doorsteps with their belongings around them and their children in their arms is but one example. Local authorities all over the country do it because they do not want the extra cost of a night in accommodation and because accommodation is so scarce.

I have a couple of examples from my constituency that address many of the points made by hon. Members. Miss A, a single mother with four children, has been in temporary accommodation since 1997. She has moved many times since, but has been in her current property for three years. She has medical problems, but none that would require her to be upgraded, so under the Locata system—the choice-based letting scheme—she is in band C. That means that she is in housing need, but that she has not got a cat's chance in hell of moving within the time it will take for her children to grow up. She bids every fortnight, but is getting nowhere.

Ms D lives in two-bedroom accommodation. She has been in temporary accommodation for seven years and lives with her two adult granddaughters, aged 20 and 21. The 21-year-old is eight months pregnant and has sickle cell disease, and the accommodation is in a poor state of repair.

I am afraid that I see an awful lot of cases like those. Predominantly, London Members are here today, but the problem is one that hon. Members right across the country speak about. The cases are devastating to listen to and extremely frustrating, as one knows that it will be difficult to get the people involved moved on. The problem, particularly for children, as many hon. Members have mentioned, is the frequency with which people in temporary accommodation move. The hon. Member for Regent's Park and Kensington, North spoke about how much travelling parents often do with their children. I have many similar examples; I am afraid that my local authority often places people in Hackney.

The difficulty is not just cost, which the hon. Members for Islington, North (Jeremy Corbyn) and for Regent's Park and Kensington, North mentioned, but availability of accommodation. That lies at the root of the matter; it is about supply. Lack of supply creates lack of choice about where to place people, and they are often placed a long way from their homes and families, usually when they are at their most vulnerable—not necessarily when they are given long-term placements in temporary accommodation, where they may have some chance to establish themselves, but usually when they arrive at the housing department, having been evicted or having become completely homeless, and the local authority tries to decide whether it has a duty to house them. Those occasions are particularly stressful for families. Because of the lack of decent temporary accommodation, people often end up being moved long distances from where they live.

A number of hon. Members, including the hon. Member for Walthamstow, spoke about the difficulty of keeping work while moving around, but I agree with other hon. Members that the issue is more about the combination of housing benefit and high rents, and the disincentive to work that that creates. Even though the new policies allow people a period in which they do not lose their housing benefit, most families know that, in the long term, if they are paying high rents in temporary accommodation or private accommodation in which they were not placed by the council, it is simply not worth it—and the cost to the taxpayer is enormous.

The issue of poor standards has been raised; I mentioned it in relation to one of the cases I spoke about a few moments ago. The hon. Member for Islington, North discussed some local authorities' over-closeness with particular agencies, but we must also be realistic about the fact that a lot of private landlords do not want people on housing benefit placed in their property. Most local authorities are not terribly good at administering housing benefit, especially if people go in and out of work or their circumstances change, which creates a disincentive for landlords because they know that the rent will not be paid on time. How many cases have we all dealt with in our local areas where housing benefit has been overpaid and then withdrawn for extended periods? It is unfortunately no wonder that there is a disincentive for private landlords who rely on housing benefit for their income to take people in that situation.

The right hon. Member for Oxford, East (Mr. Smith) raised a number of interesting points about quality in the private sector. Over-regulation is a danger. Particularly now, when we are trying to get private property back into use, we do not want to create an incentive to leave it empty. I am rather more attracted to the idea of landlord accreditation schemes, which a number of local authorities have begun. I wonder whether we can encourage such schemes to become more common and to raise the bar for standards.

The hon. Member for Walthamstow mentioned people in hostels. I have an example in my constituency and just this week I was discussing the issue with Octavia housing association. Four or five years ago, just after I was elected, I opened one of its hostels to house young people leaving care. It was supposed to be a supported housing centre to ensure that young people can move on to independence, but the truth, as he said, is that most never move on because there is nowhere for them to go.

I am afraid that all the problems that I have discussed come back to supply, and I shall take a few minutes to mention a couple of the issues. It is likely that the difficulties will only get worse along with the economic situation and that we will see an increase in the number of people whose homes are repossessed, the number who arrive at the council's door asking to be housed and the number who are left waiting with their belongings around them and their children in their arms, housed in temporary accommodation and then moved on and on. We know that that will happen.

The Government's priority needs to be to keep people in their homes for as long as possible. I recognise that the Government have made advances on that, and I support much of what they have said on the issue of repossessions, but I do not think that the pre-action protocol that came into force recently goes far enough.

I am disappointed that the Government have not taken advantage of the Banking Bill, which is likely to finish its progress through the House of Commons today, to update mortgage law, much of which is extremely outdated. I do not think that there is any place for remedies such as foreclosure. The Government could have amended the Bill so that the courts had the teeth to deal with the things that they want the courts to deal with, to ensure that people have a chance to stay in their homes if they can repay their debt over a long period.

I also want the Government to make it a priority to tackle commercial mortgage rescue products, which, again, will only increase the number of people arriving into temporary accommodation. I have seen this in my constituency. People are encouraged to allow their houses to be bought out at a fraction of their value, and one knows that in 12 months' time those people will be evicted and will land at the council's door. The Office of Fair Trading has recommended that the Government tackle it, but they still have not responded. Now is the time to respond. The matter is urgent, and I hope that the Government will ensure that such products are properly regulated by the Financial Services Authority.

I hope that the Minister will make it easier for housing associations and councils to buy up land now, while it is cheap, as well as suitable property, to ensure that we can house many of the people in desperate need. I recognise that the pre-Budget report included £770 million more for that purpose. Of course, £400 million of that had already been announced, but there is no reason why the Government could not front-load the money that has already been allocated in the comprehensive spending review for this area, which would also ensure that we unblocked those obstacles that are preventing housing associations from building now.

The issue for housing associations is that their social build has relied on cross-subsidy from private sales and shared equity, and we know that, at the moment, that subsidy is not coming through. Unless the Government are prepared to accept that, in the short term, each unit will require higher subsidy, there is no way that those units will be built and we will end up in a worse situation at the end of this economic crisis than we are in now.

10.40 am

Grant Shapps (Welwyn Hatfield) (Con): I start by congratulating the hon. Member for Walthamstow (Mr. Gerrard) on securing an excellent debate on a subject that I know he cares about a great deal. Temporary accommodation and homelessness is a subject that I have spent a lot of time dealing with in the last couple of years.

[Grant Shapps]

A couple of figures mentioned at the beginning of the debate go against the official records. The Department for Communities and Local Government says that, on 31 March, there were 78,000 homeless households in England in temporary accommodation, which is nearly twice as many as in 1997. It also says that three quarters of those households in temporary accommodation contain children who are dependants. Indeed, I published a report a year ago almost to the day that showed that there are 130,000 homeless children living in various forms of temporary accommodation, which is double the number 10 years ago.

Those are the facts. What about the reasons? It seems clear that the lack of supply has been the biggest contributory factor to those enlarged figures and the supply side has created a range of problems. It does not really matter whether one is looking at temporary accommodation, lack of social or affordable housing, or housing in general. As has been discussed many times in similar debates, for every type of housing fewer houses have been built in the last decade, which I know is as deeply troubling to many Labour Members as it is to us in the Conservative party.

The simple lack of housing provision has led to many of the chronic problems that were described today in great detail, with individual case histories being provided during the debate. As was mentioned, it is a fact that only 27,000 affordable homes will be built this year. It will be interesting to hear a projection for next year from the Minister.

One of the key issues that has emerged from this morning's debate is the problem of lack of provision for people who are not priority cases. Had I had more time, I would have outlined a case that I encountered in my surgery a few weeks ago. At 5 pm on a Friday, the local council was saying, "Sorry, we've gone as far as we can, we've gone beyond our statutory duty and we cannot help you," yet I was sitting in my surgery with a man who had nowhere to go and nowhere to sleep over the weekend other than his car, where he had spent the week beforehand. I appreciate that simply adding more people to the priority list is not an answer in itself, because it just makes the priority list larger. Once again, however, the overall lack of housing and the failure to provide supply are the central cause and problem that absolutely must be addressed by this Government, or indeed the next.

There is another problem, which is very revealing. In conversation, Charles Fraser chief executive of St. Mungo's, which is a large London charity told me that back in the 1980s 84 per cent. of the people living in its hostels were in work, but nowadays just 4 per cent. are in work. That problem of worklessness, which is due to factors such as a change in the profile of available jobs, creates an additional layer of difficulty, as does the fact that housing benefit means that there is a positive disincentive for people to get back into work, as was mentioned earlier. It is verging on criminal that it is more expensive for people to go out and do something productive than it is for them to claim housing benefit. On many occasions in the many hostels that I have visited, I have spoken to people who are distressed beyond belief by that situation it is an urgent case for a priority review.

In a Westminster Hall debate a couple of weeks ago, I pressed the Minister for Housing as to when the Government will pronounce on that review. There was a suggestion that it would be before the end of the year. I take it that that will not now be the case and I urge the Minister who is here today to tell us when the review might take place.

Jeremy Corbyn: Does the hon. Gentleman therefore support rent controls for the private sector and capping rents in hostels?

Grant Shapps: No, but what is important is that we have a system of housing benefit that needs to be scaleable. It is absolutely wrong that somebody who is working may lose money each week. That situation is preventing people from getting into work and keeping on housing benefit people who do not want or need to be on it. That is at the heart of the problem.

On rent levels, the real issue, of course, is the lack of supply of housing. Rents reflect the housing available and if the Government have failed to build as much affordable housing in every single one of the last 10 years as was built in any of the years prior to that, we have ended up in this situation, where the lack of suitable housing creates a real problem. That is the situation we find ourselves in.

Several hon. Members *rose*—

Grant Shapps: I want to finish so that we can get some answers from the Minister, but I will take two interventions and then continue.

Jeremy Corbyn: Is not the logic of the hon. Gentleman's position, therefore, that he would cap housing benefit and thus reduce the availability of housing for people in desperate housing need, making the situation much worse?

Grant Shapps: No. People would be much better off if they could get out to work and earn more than the housing benefit. The problem is that housing benefit is too rigid in terms of its step; we need more of a sliding scale. I will be interested to hear when the Minister intends to report on that issue. The Government have conceded that there is a problem in this area. Several Labour Members are looking at me as if I am making this up, but it has been conceded by the Government. I understand that there is a review under way and I look forward to hearing its conclusion.

Mr. Andrew Smith: On the question of housing supply, which the hon. Gentleman has been stressing, does he therefore agree with those of us who want higher housing numbers to be provided for in the south-east plan, or does he agree with those authorities, predominantly Conservative, that have argued for lower supply?

Grant Shapps: I do not want to get too far off the subject. The simple facts are that, on average, 145,000 homes have been built each year under this Government, compared with 175,000 under the previous Government, meaning that over 10 years about a third of a million fewer homes have been built. If those homes had been built and were in play and in the marketplace, it is reasonable to expect that rents would be lower.

That situation is what we need to get back to, but we cannot do it through top-down targets; we need to do it through bottom-up incentives. That is a fundamental argument at the heart of this debate and every other debate on housing that takes place here in Westminster Hall. Until the Government recognise that they cannot force the targets down on unsuspecting communities without giving them something in return—those communities need to be provided with a carrot or an incentive to build new homes—we will continue in the mess that we find ourselves in today. Labour Members are happy to complain about that mess, but they will not recognise the source or the real reasons behind the catastrophic situation in relation to temporary housing, homelessness and, indeed, the cost of housing overall.

I will end soon because I want to hear the Minister's response, not least how he will build more homes than the Government have managed to do in the last few years. Before I finish, however, I want to ask a number of questions. First, there was an announcement of £750 million—I think that was the figure—in the pre-Budget report the other day. However, there was no description of how that money would be spent, how it would be brought forward and how it would encourage the creation of more housing. I assume that that money has already been allocated in the budget of the Homes and Communities Agency, so perhaps the Minister will take a minute to explain how that money will ease the housing crisis.

Given that we know that there has been less affordable housing built every year in the last 10 years and that the market is likely to crash this year and next, perhaps the Minister will also tell us his estimates of housing numbers in the affordable sector for this year and next.

I was interested in the comments by some hon. Members about secure tenure. There now seems to be a tradition of new Housing Ministers coming in about every three months and making some fairly outrageous statements to some newspaper, only to row back from them a few days later. We remember that the right hon. Member for Don Valley (Caroline Flint)—now Minister for Europe and predecessor of the current Minister for Housing—came in and immediately made statements about throwing people who do not work out of their homes, without realising that the local authority would have to house those families if they were in priority need. Will the Minister explain whether that policy is on or off the table?

Finally, on security of tenure, will the Minister say whether that is an idea put forward by the Minister for Housing, or is it simply an idea from a think-tank?

10.50 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a pleasure to serve under your chairmanship, Mr. Gale. Earlier this year, you ably steered the Housing and Regeneration Bill Committee, in which many of the issues that we have discussed today were initially raised. I am grateful to you for presiding over an excellent debate, albeit a sombre one—as befits the subject. I congratulate my hon. Friend the Member for Walthamstow (Mr. Gerrard) on securing the debate and on the excellent way in which he advanced his argument, and I congratulate other hon. Members from both sides of the House on the quality of their speeches.

Tackling homelessness and reducing fear about housing, as well as housing policy in general, are at the heart of what the Government want to do—they are at the top of our domestic priorities. We have achieved a lot in recent years by making substantial and sustained cuts in the worst form of homelessness; namely, rough sleeping. Hon. Members will be aware that I was able to announce last week our new rough sleeping strategy, which states our ambition to end rough sleeping once and for all by 2012. That target will be incredibly challenging and difficult to achieve, but if we have focus and determination, and if we work in partnership with local authorities and the voluntary sector, we will achieve it.

We have also ended the long-term reliance on bed-and-breakfast accommodation for families, and we are well on the way to ending it for 16 and 17-year-olds. I was pleased that hon. Members from both sides of the House acknowledged the great advances that we have made on that in the past decade. There have been reductions of more than 50 per cent. in new cases of statutory homelessness since 2004. Subsequently, numbers in temporary accommodation have fallen by 26 per cent. In 2008, the number has fallen by 11 per cent., from 87,120 to 77,510. My hon. Friend the Member for North-West Leicestershire (David Taylor) said that in his region—the east midlands—the target to reduce the number of households living in temporary accommodation by 50 per cent. by 2010 has already been achieved. It has also already been achieved in the south-east and north-east.

There is a lot to be proud of on temporary accommodation, but I do not want to be complacent. There is an awful lot left to be done. We are committed to reducing, as much as possible, reliance on temporary accommodation, but I am under no illusion, given the current economic circumstances, about the challenges we face. The main task for the Government is ensuring that we minimise, as far as possible, the number of people who are forced to lose their home through repossession or other means. I was taken with what the hon. Member for Brent, East (Sarah Teather) said about that. It is important: people are frightened that they will lose their homes, and the Government are determined to do all it takes to ensure that they do not.

The hon. Lady will be aware of the announcements in Monday's pre-Budget report. The Government will help to protect people who are at risk of repossession by driving through support for vulnerable households via the mortgage rescue scheme, providing direct support for some individuals through support for the mortgage interest regime, and ensuring that we have fair treatment by lenders, with lenders absolutely committed to not initiating repossession proceedings within at least three months of an account going into arrears. We are committed to working with lenders to create sustainable solutions to help borrowers to stay in their homes.

My hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) mentioned something that disturbed and concerned me. She talked about a family who were renting in the private rented sector losing their home through no fault of their own because the landlord had failed to pay the mortgage. I will work on that problem to see what can be done. I am worried that vulnerable households—through no fault of their own—may be at risk of losing their homes because landlords have not paid. I am keen to work on that problem and to put something solid in place.

[Mr. Iain Wright]

Because of the lack of certainty about the future and the disruption caused by frequent moves, which has been made all too clear in the debate, we need to do much more. About 87 per cent.—92 per cent. of families with children—are now living in self-contained temporary accommodation, with their own front door and cooking and washing facilities. However, as has been made clear to me this morning, they are not settled homes, because people do not feel at all stable or secure in them. That is why we are retaining the target to halve the number of households in temporary accommodation.

The point about cleanliness and standards in temporary accommodation was also well made in the debate. I met Professor Suzanne Fitzpatrick from the university of York earlier this year, who presented me with the key findings of research into the causes and impacts of statutory homelessness for families and 16 and 17-year-olds in England. It is the first nationally representative survey of families and children who have been homeless for more than 10 years, and the first such survey of 16 and 17-year-olds. The findings are incredibly interesting.

As hon. Members would expect, the research shows greater incidences of problems with physical conditions in self-contained temporary accommodation compared with settled housing. However, interestingly, there seems to be no substantial difference between self-contained temporary accommodation and settled housing in respect of the state of repair or the levels of cleanliness when families first arrive. As hon. Members would expect, the research shows that although the homelessness system is working well, families and children have an improved quality of life once they are in settled housing. That underlines the importance of pressing forward on meeting the temporary accommodation target.

Ms Buck: Will the Minister comment on the departmental code of practice on out-of-borough placements? We are talking about settled accommodation, but being settled a long way from the community in which one has schools, employment, family and friends is an important issue. There is a code of practice, and it should be enforced.

Mr. Wright: I was going to mention that later, but as we are on the subject, there is an inter-borough agreement on the issue. It is worrying. I know that my hon. Friend has had meetings on the matter with the previous housing Minister, my right hon. Friend the Member for Don Valley (Caroline Flint). In early December, I will meet officials of Westminster city council and I will raise that key issue along with other things that arose from a previous meeting, especially the problem of overcrowding. The matter is important. I am instructing my officials to work closely with London councils to encourage all boroughs to abide fully by the agreement. I agree that more can be done, and if I have time later in my speech I will mention the wider prospect of supply and its importance.

Key to achieving the target is prevention. We need to ensure that we do not have a reactive, ad hoc approach to producing temporary accommodation to solve the problem. Intervening at the trigger points when people might become homeless, and fully involving friends, family and the wider community to stop people reaching crisis point, is absolutely crucial. We have achieved our successes by encouraging and providing significant investment in homelessness prevention. Approximately a third of local authorities have already met the 2010 target. They have strengthened their efforts, and provide prevention services such as rent deposit schemes, mediation to help resolve family and relationship breakdowns or problems between tenants and landlords, and debt counselling. Last year, 201 local authorities operated rent deposit schemes and a further 45 were planning to put such a scheme in place. That proves that private rented accommodation is an effective housing option for preventing homelessness and providing a means of settled accommodation, when it is what the household wants.

Many hon. Members mentioned the housing benefit regime, which is crucial, and my hon. Friend the Member for Walthamstow asked a question about it last Tuesday in the House. Everyone is aware that local authorities must administer the local housing allowance, which was introduced in April 2008, in accordance with regulations. Local authorities can, and in the vast majority of cases do, take responsible decisions about providing housing for families in their area. However, as was said time and again in the debate, perverse disincentives ensure that people who are reliant on housing benefit do not work.

Questions were asked about whether the taxpayer gets value for money from the housing benefit regime. That is why there has been housing benefit reform—to ensure that we can provide value for money and improve standards. Officials in the Departments for Communities and Local Government and for Work and Pensions and others are working closely together on developing proposals to reform the way in which housing benefit subsidy is calculated and paid to local authorities for people in temporary accommodation.

Secondary Education (Croxteth)

11 am

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): It is a great pleasure to speak under your stewardship, Mr. Gale, I think for the first time.

The future of education in Croxteth, Liverpool, is very much to do with the proposed closure by Liverpool city council of the Croxteth community comprehensive school. I stress the word "community" because the school is at the centre of the community in the area. Croxteth is a post-war housing estate that adjoins the pre-war housing estate of Norris Green. It is a large chunk of north-east Liverpool. I was brought up in Norris Green myself, and I can tell the Minister that 181 pupils at Croxteth comprehensive school come from Norris Green.

Croxteth is among the 24 most deprived wards in the country. Its notoriety—it is unfortunate that I have to use that word—came to the fore with the murder of young Rhys Jones a year or so ago. It is not an area of great violence, but it has its social problems, which put it among the top 25 most deprived wards. In 1986, during the Thatcher years, unemployment there was no less than 95 per cent. among young people aged between 16 and 25. The area certainly cannot be regarded as affluent. It has been through a traumatic period recently, but one thing about the people of Croxteth is that there is community spirit, and they have kept together in the face of all the difficulties and problems that have beset them.

In letters to me, the Minister has given the impression that the decision is not for him to take. One might therefore think that there is nothing that he can do about it. However, I have come to the Chamber armed with a copy of his Department's guide to local authorities and governing bodies, "Closing a Maintained Mainstream School". I shall refer to certain sections of it. For example, it mentions the need for diversity in an area, stating at paragraph 5:

> "They must…ensure that there are sufficient schools in their area and promote diversity and increase parental choice."

It states that the local authority and governing body should "consult all interested parties", including the

> "families of pupils, teachers and other staff"

and

> "the governing bodies, teachers and other staff of any other school that may be affected."

I emphasise that point.

The guide goes on to state that the

> "families of any pupils at any other school who may be affected by the proposals"

and the

> "families of pupils at feeder primary schools"

should be consulted, along with trade unions representing staff at the school and at any other school affected by the proposals and

> "MPs…whose constituents are likely to be affected by the proposals".

Obviously I am one of those MPs, but there are 16 other MPs whose constituencies are affected by the proposals and who should be consulted. On 9 December the headmaster, Mr. Richard Baker, will bring a lobby to Parliament to lobby those MPs. They need to be consulted, and I suggest that none of them has been.

The proposal is to close Croxteth community comprehensive school in 2010. All the children would then be sent off to Fazakerley secondary school, some miles away. In some cases they would have to use two buses to get there. No doubt they would need new school uniforms. The effect on their education would not just be that one move, because there would be two. The proposal is that in 2012 they would return to another school, presumably in Croxteth.

A specific duty is placed on local authorities under the Education and Inspections Act 2006 to

> "secure diversity in the provision of schools and to increase…parental choice when planning the provision of schools in their areas. The Government's aim is to secure a more diverse and dynamic schools system which is shaped by parents."

I do not know of any parent at Croxteth comprehensive school who is in favour of Liverpool city council's proposals.

Importantly, the guidelines also state that

> "the Decision Maker should consider…the balance of denominational provision in the area."

If the city council's proposals go through, there will not be a single secular secondary school in the whole of Croxteth and Norris Green. The only secondary schools that will remain are two Catholic schools. I believe that the Government have it in mind that one of them, the De La Salle school, should be an academy. A parent who is not Roman Catholic will have to send their children to a Catholic secondary school. There is no other choice in the area, and that cannot be supported. In fact, one of the Catholic schools, St. John Bosco—an excellent school—is a girls' school. There will not be a mixed secondary school in the whole of Croxteth and Norris Green. That is very sad, and I suggest that it has been overlooked by the Minister, if not by the city council.

Then there is the whole question of transport. Paragraphs 4.39 and 4.40 of the guidelines state:

> "Facilities are to be accessible…changes should not adversely impact on disadvantaged groups…proposals should not have the effect of unreasonably extending journey times or increasing transport costs."

As I said, many of the young people concerned will be forced to take not one but two buses to Fazakerley. It is not that far away, but it is difficult to get to.

People should consider the vicinity of the school, because the issue is not just about the school itself. The school is at the centre of a deprived community, which needs all the assistance that it can get. It will be denied facilities on which £5 million has been spent in recent years to improve sports facilities, the IT centre and other necessary provision. If the city council gets its way, and if the Government let it go ahead, that will presumably just be wasted.

This is a very sad situation and, as I said, the community is very much alarmed by what is being proposed. I have not received a single letter from anybody to say that they are pleased to hear what the city council is proposing, but I have had droves of letters from parents who believe that the move proposed by the city council will be detrimental. They look on the Government as having done much for education, particularly with school buildings and repairs. I know that has happened in my

[Mr. Robert N. Wareing]

constituency—although not in Croxteth—and people recognise that. Indeed, the spending of £5 million has gone a little way towards the improvement of Croxteth comprehensive school. However, people believe that they are being denied their rights on this matter.

According to the guidelines:

> "In considering proposals for the closure of such schools, the effect on families and the community should be considered."

I have had considerable correspondence from the community, saying that to remove the school would be a destabilising influence as far as the community is concerned. The headmaster, Mr. Richard Baker, has proposed a campus school.

We must face the fact that the school is a public asset in the middle of a deprived area. It is no use just looking at the rolls and saying, "Well, they've gone down." They might go up again, of course. The city council says that it is aware that the roll has gone down and that is why it is proposing to close the school. However, the school is a community asset and I know that the headmaster would like to see it used in many other ways on behalf of the community. If the school is closed, that option will no longer be open.

Croxteth is an area that really needs the provision of services, not just for children, but for the whole community. Many of the parents attend evening classes at the school—they give it a good name. The teaching staff are both dedicated and caring; they understand the area. Likewise, the people on the governing board are from the area and they know the area. They know what can be done within the school buildings to improve matters. I hope that the Minister will look at the total environment in which the school is located, and not just at what may well be a passing fall in the student roll.

The Secretary of State for Children, Schools and Families has been in communication with me, and I am grateful for that. He has the power to issue guidance, to which the decision maker—the local authority—must have regard when deciding on the proposals. The school has recently received an excellent Ofsted report, and I will pass a copy of it to the Minister at the end of this debate. He has also received from me a letter requesting a meeting with representatives of the teachers, parents and governors of the school. As I said, they will be in the House on Tuesday 9 December. I would like him to think seriously about the matter and to meet them at any time that he can fit into his busy schedule.

I end by referring to a letter I received from Julie Lyon-Taylor, general secretary of the National Union of Teachers in Liverpool. She referred to the dedicated teaching staff at Croxteth, who

> "are well aware of the social problems in the area and feel that the closure of the school will make the future even bleaker for Croxteth families who have benefited from the stabilising influence the school has had."

I do not think I could have put it better. Knowing the history of Croxteth and Norris Green, I know that the closure would deprive both communities of the educational opportunities those people deserve.

No secular secondary school, long journeys, changing schools twice in two years—that situation cannot be good for the education of our young people. I ask the Minister to consider the matter carefully and perhaps to visit the area again, not just the school. He might afford himself the opportunity of speaking to the Home Secretary, who visited the area after the murder of Rhys Jones, and has a good idea about the problems there.

11.16 am

The Minister for Schools and Learners (Jim Knight): I start by thanking my hon. Friend the Member for Liverpool, West Derby (Mr. Wareing) for securing this important debate, which is particularly significant for his constituents. His speech demonstrated his commitment to ensuring the very best for those constituents, particularly those in Croxteth and Norris Green. In respect of his latter comments, I will take care to talk to those who know the area well, including him. Before the debate, I was talking to the Minister for Children, Young People and Families, whose husband was born in Croxteth and knows the area well.

I share my hon. Friend's commitment to ensuring high standards of school provision in his constituency. That is why we are undertaking the biggest Government investment in school buildings in the past 50 years. That investment is helping to address decades of under-investment and sending out a strong message to pupils that their education, well-being and communities are a priority. In his constituency, Building Schools for the Future is already under way and funding has also been invested through the national challenge.

As my hon. Friend knows, Building Schools for the Future will help Liverpool to ensure a consistently high standard of schools across the city. Seven schools are already involved in the programme as part of wave 2 of Building Schools for the Future and the remaining secondary schools, including those in Croxteth, are part of wave 6, which was rolled out earlier this year. However, I know that the latter wave is at an early stage and that work is still ongoing to ensure that the basic strategy is robust, particularly in areas such as pupil place planning, which is crucial in the context of this debate.

The next key milestone will be the submission of the strategy for change by the local authority to the Department. That will provide far more detail of its estates strategy and how Building Schools for the Future will contribute to educational transformation, which is at the heart of that investment, and achieve a step change in standards across my hon. Friend's city. The strategy for change is due to be received by the Department in February next year and must address the issues in Croxteth.

Three weeks ago, I met parents from Croxteth community school who were clearly very concerned about the future of their school. That was reflected in my hon. Friend's excellent speech. We talked about the challenges that the community faces, particularly following the tragic events of last year and the murder of Rhys Jones. I was struck and impressed by their drive to move forward as a community. My hon. Friend talked about the people of Croxteth and I was very impressed by their passion and commitment to helping to lift the community from what has obviously been a difficult time over the past year or so.

Those people showed me their interesting ideas and plans for co-located services on the Croxteth site, linking adult skills and early learning with mainstream school provision. I thought that those ideas matched my

Department's aims for more joined-up working and co-location of services, but, in the end, any decision to close the school rests, in law, with the local authority. That is stated in the Education and Inspections Act 2006.

The challenge for the local authority is that falling pupil numbers make it difficult to make the best use of resources and to deploy them to provide a consistently high standard of education across the board. My hon. Friend spoke about the Department's guidance on closing schools and said that he wants to pass the Ofsted report and other information to me. I will be happy to follow up with him exactly what the power in the guidance is and how decisions can be appealed. For example, if he believes that the consultation requirements in the guidance have not been properly followed and that MPs have not been properly consulted, he has an opportunity to represent his constituents and use the mechanisms and proper processes that are in place.

Already there are large numbers of surplus places at De La Salle Roman Catholic school and at Croxteth community school, and we know that pupil numbers in Croxteth are expected to fall even further over the next few years. Also, in standards terms, the school is falling well below the threshold of 30 per cent. of pupils achieving at least five high-level GCSEs, including English and maths. The school had just 54 new entrants this year.

The local authority has a duty to ensure that such issues are addressed and that every pupil has access to the very best facilities and education. It is now in the final stages of the statutory processes involved in closing the school, with a view to closing it at the end of the next academic year, as my hon. Friend said.

The school will be replaced largely by a new Roman Catholic academy based on the neighbouring De La Salle school, which, as my hon. Friend knows, has significantly improved its GCSE results recently. It would take pupils from Croxteth community school. For those who want community places—I hear what he says about the importance of diversity and how it reflects the duties in the 2006 Act—I am advised that the current thinking in Liverpool is that there will still be the option of going to Fazakerley, which has 15 per cent. spare capacity. I am also advised, although obviously I do not know the details on the ground or how the logistics work, that Alsop secondary school is within reasonable travelling distance.

I take seriously the comments about lack of choice and diversity in the area, particularly for non-Catholic parents. Obviously I can look at that, but principally the local authority must look at it. As I said, there is the option of Fazakerley, which is gaining in popularity and improving its results. I am told that the authority's plans will enable parents in the area to choose between an academy, a single-sex faith school and the community school up the road.

My hon. Friend raised the problem of transport. I am told that the longest distance pupils will have to travel is 2 miles. The council acknowledges that that will be an issue for some and is working to provide a direct service to Fazakerley school from Croxteth. In some cases, it may be able to provide free travel. There are requirements in law that if a local authority considers free travel necessary to secure a child's attendance at school, it must provide it. If the authority defines it as necessary, it will have to deliver on it.

My officials have been told that local arrangements are being planned to assist with transportation to maximise choice through diversity for pupils and their parents, and that those plans will be announced next year.

From the meeting in Liverpool, I know that the changes are not what some parents in Croxteth want. I repeat that, in law, these are matters for the local authority—they are school organisational matters. The council has to weigh up future demand for places, the wishes of the community and how to drive up standards.

I am also advised that the council has made it clear that it does not intend to pull the plug on the extended facilities at Croxteth; I am pleased that my hon. Friend paid tribute to them. It intends to ensure that the full range of existing community facilities in the area is maintained and, indeed, expanded.

Beyond the issues for Liverpool's council around school organisation, there is also the priority of addressing school standards, which I mentioned earlier. The standard of education provision is still too inconsistent in Croxteth, and pupil attainment has not improved sufficiently across the board.

I wrote to Croxteth community school in November to confirm another £114,600 of investment this year through the national challenge, which is designed to support schools in raising standards and ensuring that at least 30 per cent. of pupils gain at least five high-level GCSEs, including English and maths. The support will include funding for a national challenge adviser to help the school to improve outcomes for its pupils across the board. The adviser will help the school to get the best possible package of support and help to ensure that such support has the greatest impact on achievement.

As my hon. Friend knows, the national challenge is designed to raise standards and is part of a £400 million investment in individual schools around the country. The principle behind it is that schools must lead the changes that are needed, but there is also a clear expectation—indeed, a challenge—that local authorities and the Government will support improvements.

I have noted my hon. Friend's comments and understand the very real concerns expressed by him and his constituents. As I said, I met with parents a few weeks ago and have seen their plans for the school. I noted what he said about their coming to Westminster on 9 December. I will certainly see whether it is possible to adjust my diary to find time for another meeting with them and with him to discuss their concerns further. However, that has to be set against the background that decisions on school organisation such as which schools should be where and what capacity they should have are, by law, decisions for local authorities. I believe that the parents understood that when I met them.

Given the falling number of pupils in the area, I would have to say, up front and on the record, that it is difficult to see how Croxteth can continue to support three secondary schools in future. However, we can consider that further as we discuss pupil projections over the next 10 years, in particular for that part of the city.

The context in which the council must make decisions on school organisation is difficult, but as long as plans are proposed that improve education provision and standards, I have to approve them. My test is whether the plans will improve standards. It is for me to judge

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not school organisation, but only whether the school organisation plans and the investment that we will then fund will improve standards.

I hope that families in my hon. Friend's constituency understand that if the council decides to close Croxteth community school, that will be done only to ensure that every child can benefit from the very best education possible. I am happy to play my part in working with community representatives to see whether more can be done, but I cannot undermine the legal responsibilities of Liverpool city council.

11.28 am

Sitting suspended.

Sex Education

2.30 pm

Philip Davies (Shipley) (Con): It is a pleasure to serve under your chairmanship, Mr. Gale, and through you I thank Mr. Speaker for allowing this debate, which is important for many people across the country.

I have always thought that, for a parliamentary democracy to work, everybody in the country should feel that somebody is speaking up for them. Sex education is one of those subjects where, for far too long, we have had a cosy consensus of all the political parties and have accepted that a never-ending increase in sex education is the only possible solution to the problems of teenage pregnancies, unwanted pregnancies and sexually transmitted diseases. Many people in the country are, like me, rather nervous about that and feel that it is perhaps more the cause of the problem than the solution. I intend to mention some reasons why I think sex education has failed in this country and some examples that we can learn from in other countries, and I want to find out what the Government's plans are for the future.

My starting point is that I am philosophically against sex education in schools, because in far too many cases we are taking responsibilities away from parents. Being a parent is a responsible position; it is a big thing and with it comes big obligations that parents cannot farm out to the state and things that they have to do for themselves. I am a parent of two young boys. I understand my responsibilities to my children and do not take them lightly. Part of the problem in this country is that we have a culture in which the Government basically say to people, including parents, "These are your responsibilities, but if you don't perform them, don't worry—it doesn't matter, it's not a problem—because we'll do them for you. We'll take these responsibilities away from you." That is a dangerous, slippery slope for the country to go down.

People say that some parents are not capable of teaching their children about sex education. I have no doubt that some parents find it a tricky subject, but I am equally sure that many teachers do not teach it particularly well, either. Using a minority of people who find it difficult as an example for scrapping the whole thing seems to me to be rather pointless.

Annette Brooke (Mid-Dorset and North Poole) (LD): I admire the hon. Gentleman's total confidence in parents, which for the most part we must have, but what about children who are being abused within the family home? Is there not a case for sex and relationship education in such situations?

Philip Davies: There are always children who are taken into care by the state and obviously the state has a responsibility in respect of their parents, but the example that the hon. Lady gives is not a reason for having compulsory sex education for every child, of whatever age, who goes to school. That is the direction in which this Government are taking us. If she thinks that we should treat certain individuals on an exceptional basis, I might be sympathetic to that idea, but I do not have a belief in the universal beauty and desirability of sex education in schools.

The point is that this is not all about sex education. Much of the argument is about the fact that parents should be, above all else, responsible for the moral upbringing of their children. That cannot be farmed out to the state. It is a parental responsibility. As a parent, I do not want my children to go to school to have the moral compass and values of the teacher instilled in them. That is my job and my responsibility. I want my children to go to school to learn about the things that I cannot teach them, not about the things that are my direct responsibility.

The Minister for Schools and Learners (Jim Knight): I am grateful to the hon. Gentleman for giving way as he is being interesting and, some might argue, provocative. In the context of what he has just said, does he think that schools should have an ethos and values? If he thinks that an ethos is valuable in a school, and that religious foundations are useful in a school, should there be any moral background to that ethos?

Philip Davies: I agree that schools should be given more freedom to set their own ethos, but within that freedom there should, therefore, be freedom to say, "In our school, we don't believe that sex education is desirable. We think that it should be left to parents." Then parents would, perhaps, be able to choose to send their children to a school with such an ethos. If the Minister is arguing that we should leave it to schools to set their own ethos I would be happy with that, but with it must come the freedom for schools to say that they do not want to teach sex education.

It is not just me who thinks that sex education is not particularly desirable. I have been inundated with comments from parents and teachers alike, who are nervous about the way things are going. I shall quote a couple of parents, if I may. A mother of two e-mailed me, saying:

> "Failing to consult parents takes away our choice as to how we raise our children."

Another mother said:

> "Education is the primary responsibility of parents, not of schools and not of governments. Parents entrust to schools those aspects of education that they can do more effectively, but PCHE and especially sex education are very delicate matters which parents have every right to give in their own way at home."

I have had many similar e-mails and letters. Even the general secretary of the National Association of Schoolmasters Union of Women Teachers, one of the largest teachers' unions, says:

> "Primary school teachers are already overstretched ensuring that they can meet the demands of the current curriculum. Even if appropriate training was provided, which experience shows is highly unlikely, most teachers would feel extremely vulnerable and uncomfortable if asked to take on this responsibility."

There is no universal desire from parents or teachers for even more sex education. Many people feel that the more sex education we have had, the more teenage pregnancies, sexually transmitted diseases and unwanted pregnancies we have had. The answer to that problem is not even more sex education, but less. We have been trying this for 20 or 30 years. We might think that somebody would have said, at some point, "Hold on a minute, this is not working."

Mark Williams (Ceredigion) (LD): I apologise for missing the first couple of minutes of the hon. Gentleman's speech and congratulate him on securing the debate. I declare an interest as a member of the NASUWT—at least, I think I am still a member—although I am not sure that I agree with my union's line on this matter. The hon. Gentleman will have read in the House of Commons Library debate pack a survey undertaken by *The Times Educational Supplement* that shows that 60 per cent. of primary teachers want more training and want sex education to be taught in schools. So there is a mixed message, not quite the consistent message that the hon. Gentleman suggests is being given.

Philip Davies: I apologise if I gave the impression that every teacher agrees with me. I was trying to make the opposite point, which is that not every teacher agrees with the idea that sex education is a good thing. The position that is often portrayed is that all parents and teachers think that this is a universally good thing. My point is that some people disagree. I take it from the hon. Gentleman's intervention that he acknowledges that people disagree on the issue. There is not just one view.

I forgive the hon. Gentleman for missing the first minute or so of my speech; he did not miss anything of great noteworthiness. I also forgive him for disagreeing with his own union, because I often find myself in the unfortunate position of disagreeing with my party from time to time. I think we can forgive him on all counts.

I might set aside my philosophical objections to sex education in schools if I could be persuaded that there was an overwhelming case for it and that it was a roaring triumph, but the opposite seems to be the case and, at best, that indicates that sex education makes no positive difference to the things it was set up to tackle. For example, the earliest figures I have show that in 1994 there were 7,795 teenage pregnancies among girls under 16. In 2006, the last year for which I have figures, there were 7,800 teenage pregnancies in that age group, which is almost exactly the same number—it has not reduced in the slightest—and it has been even higher in the intervening years.

The number of pregnancies among under-19s was 85,000 in 1994 and in 2004, the last year for which I have information, it was 101,000. The problem is getting worse. In England and Wales, the number of abortions for under-16s in 1994 was 3,900, and in 2006 it was 4,700; for under-19s in 1994 it was 29,600 and in 2006 it was 40,500. Surely, if sex education was such a great success, the situation would have improved as there was more and more of it.

Kerry McCarthy (Bristol, East) (Lab): I congratulate the hon. Gentleman on securing the debate. Has he studied the statistics in detail? I understand that a recent survey by the UK Youth Parliament showed that as many as 40 per cent. of young people said that they had received no sex or relationship education at school. Could it be that they are not being taught in sufficient detail, and that they are not being given the right education, rather than being given too much information?

Philip Davies: That could be the case, but I suggest that it is not. The hon. Lady's intervention was typical of a politician. I am being distracted, but it is a worthwhile distraction. When politicians are faced with a problem, their solution usually encompasses two ingredients. First, they must be seen to be doing something. The bane of

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politicians is that they must be seen to be doing something whenever a problem arrives on their desk. I long for the day when a Minister says, "This is nothing to do with us. It is for other people to sort out, or for the people concerned to sort out." I am sure that the Minister will not indulge me with that response today. The second ingredient is that their proposals should not offend anyone. The hon. Lady has fallen into the typical politician's trap of wanting to do something and not wanting to offend anyone. Sex education is a perfect example, because it looks as if we are doing something, and it does not offend anyone to suggest that we should have more of it.

My contention is that sex education is not working. For 20 or 30 years, there has been more and more; I am sure that even the hon. Lady will concede that there is more sex education in schools now than in 1994, but that the problems have got worse. Clearly, it is not helping. It may not be as universal as she would like, but given that there is more sex education now, one would expect the figures to show an improvement.

Kerry McCarthy: I accept that there has been an increase in sex education in schools, although the figure I cited shows that it is still not as prevalent as some of us would like, but is not the issue what children are taught? If facts about reproduction are taught in isolation and not in the context of relationship education, they may fall on deaf ears and not be translated into children's own lives. I understand that the Government want to roll out more relationship education rather than just the bare facts of reproduction.

Philip Davies: I understand that, and the hon. Lady's desire, which all politicians have, to offer painless panaceas to improve everything without anyone having to go through pain to get there. Unfortunately, things do not work like that, and I shall come to what happens in other countries to illustrate for the hon. Lady why I believe that she is wrong.

Mrs. Maria Miller (Basingstoke) (Con): Referring to the hon. Lady's previous intervention, the Youth Parliament's research shows that for too many people sex education has not been in the context of relationships. That was the main point of the report. Does my hon. Friend agree that if a school chooses to talk to its students about sex education, it should always be in the context of relationships so that it can be properly considered and taken in by young people?

Philip Davies: I certainly take my hon. Friend's point, but my contention is that for 20 or 30 years, since we embarked on the path of sex education, we have been told that the only problem is that it is not being taught properly—that it is good in itself, but that it is not taught very well. We keep tinkering with it and changing it, but the situation keeps getting worse. Everyone must have their own line in the sand for concluding that it is not working. I would like to know where every hon. Member's line in the sand is, and how long they will wait, while the problem is getting worse, before they come to the inevitable conclusion that sex education is not working and that perhaps we should try something else.

Things have not only got worse with teenage pregnancies and abortions; they are even worse with sexually transmitted diseases. Since 1997, the incidence of chlamydia has risen from 72 cases per 100,000 of population to 166 cases per 100,000 in 2004. During the same period, the incidence of gonorrhoea has risen from 22 to 37 cases per 100,000 of population, and for syphilis it has risen from 0.27 to 3.81 per 100,000 of population. The incidence of sexually transmitted diseases in the UK is getting worse, although the figure for syphilis is better than in Holland, which is always held up as a paragon of virtue by those who are obsessed with sex education. I shall talk about Holland shortly.

The incidence of HIV/AIDS has also risen massively over the past 10 years. In the UK in 2006, young people aged 16 to 24, who have been filled with sex education from the word go, made up 11 per cent. of new HIV diagnoses, 65 per cent. of all chlamydia diagnoses, 55 per cent. of all genital warts diagnoses, and 48 per cent. of gonorrhoea diagnoses in clinics. The people who have had the most sex education are suffering most from sexually transmitted diseases, which strikes me as hardly a great triumph for sex education in schools.

Kerry McCarthy: I thank the hon. Gentleman for giving way again. He is being very generous with his time. Will he refer to the evidence that shows a direct correlation between the increase in sex education in schools and the increase in the statistics that he gave? It seems to me that many other factors could be equally or more to blame, particularly the increased sexualisation of our popular culture and what we see on television. Is there any evidence that sex education is the problem, rather than a solution?

Philip Davies: The hon. Lady makes a fair point; she is right to say that other factors are important, but my contention is that sex education is making no impression, so perhaps other factors should be brought into play. During the first 20 minutes of this debate, we seem to have gone from saying that sex education is good and will help the situation to saying that things might be even worse if we did not have sex education, which is rather startling backtracking in such a short period. I am pleased that I seem to be making progress with my argument that sex education is not good and only prevents things from becoming even worse. That is a novel position for the governing party to take.

In the teenage birth league, the UK is second of 28 nations, and only one place behind the USA, but Italy at 23rd and Holland at 25th are the fourth and sixth lowest for teenage pregnancies, and I shall refer to them in more detail shortly. In this country, the average age at which people first have sex has fallen, which indicates that sex education is not a great triumph. Of all the OECD nations, we have the second highest number of young people living in single parent families, whereas the Netherlands is 14th and Italy is the lowest.

Of all OECD nations, the UK has much the highest percentage of 15-year-olds who report having had sexual intercourse. The percentage of 15-year-olds who used a condom during their last sexual intercourse is much lower in the UK than in virtually every other OECD nation. I have no idea what people are being taught in sex education, but on every possible indicator of what they may be taught this country is failing badly, not just by itself, but in comparison with every other country.

On teenage births and teenage mothers, the estimated percentage of 20-year-olds who had a child in their teens is 3 per cent. in Italy and Holland, but 13 per cent. in the UK, which is higher than any country except New Zealand. That is hardly a great advert for sex education in the UK, and things seem to be getting worse. I concede that even at that point we could say that sex education is failing only in the UK, but that it is a good thing, although we do it badly, and that other countries do it far better.

Holland is always held up as the great shining example of sex education being a triumph, because the argument is that Holland has lots of sex education at a very young age, and the level of teenage pregnancies is very low. That is absolutely true. However, the proponents of sex education never mention that Italy has almost no sex education in its schools yet it has low levels of teenage and unwanted pregnancies. Rather than just cherry-picking the figures that we want to sustain our arguments, it would be more useful to consider what Italy and Holland are doing because both countries clearly do things right in a way that we do not. Sex education is not a triumph in relation to Italy and Holland because although one country has lots of it, the other has hardly any.

I have tried to consider some of the things that Italy and Holland have in common, and it strikes me that other things in the argument are more important. For example, family structure is much tighter and divorce rates are much lower in Holland and Italy than in the UK. Dutch children are five times less likely to live in a family headed by a lone parent than in this country. The OECD looked at the percentage of families that share a meal together several times a week and the percentage of children who benefit from just talking to their parents several times a week. The percentage of 15-year-olds who eat at least one meal a day with their parents is only 65 in the United Kingdom, but the figures are 90 per cent. in Holland and 94 per cent. in Italy. The UNICEF report on the well-being of children ranks the Netherlands as the best place for children to grow up. Italy comes seventh in that report, after all the other Scandinavian countries. The UK ranks as the worst place to grow up. Other factors, such as the things Italy and Holland have in common, seem to be far more important than sex education.

Something that Italy and Holland have in common but that we do not share with them is their benefit structure and the amount of money they pay single parents. It may not surprise people to hear that we are far more generous than Italy or Holland in our support for single parents. If we really want to tackle the issue of teenage and unwanted pregnancies it would be far better—although it may be tougher and more uncomfortable, which is why politicians shy away from the matter—to consider the implications of our tax and benefit system. Too often that system rewards people for living on their own and puts teenage mothers at the top of housing allocation lists. It strikes me as perverse that through the housing allocation and benefits that we pay, we reward behaviour that we are trying to discourage. Surely, the tax and benefit system ought to reflect the fact that we try to discourage certain behaviour.

I wonder how many 16-year-old girls, in a misguided way, choose wrongly—perhaps because they have problems in their relationship with their parents and do not like living at home. They think that pregnancy is the solution to their problems and that they should leave home because they will get priority housing. In effect, they are probably lining themselves up for a lifetime of misery and poverty, but the tax and benefit system does not indicate that that will be the case.

I ask all hon. Members to read an enlightening article by Alice Thomson called "Sex Education: Why the British are Going Dutch", in *The Times* on 24 November. The article is about sex education in Holland and why Holland has low rates of teenage pregnancy. I shall highlight a few aspects of that important article. Alice Thomson refers to Laura Watts,

> "a British mother who has lived in the Netherlands for the past ten years,"

who

> "thinks that the lower rate of teenage pregnancy there may have more to do with family structure than with sex education. Dutch children are five times less likely to be living in a family headed by a lone parent, divorce rates are far lower and fewer mothers are in full-time employment."

Laura Watts thinks:

> "It is the family that makes the difference. Parents leave the office by 5pm in Holland and eat dinner with their children at 6pm."

Mr. Christopher Chope (Christchurch) (Con): I congratulate my hon. Friend on securing the debate and on producing such compelling evidence on the subject. The point he made about teenage pregnancies in New Zealand concerned me because my teenage daughter is there at the moment. Has he considered the lack of male role models in the education system—particularly in primary schools? Not long ago, I visited a primary school in my constituency and of 50 teaching staff, only one was male. Will the Government's proposals to increase sex education in primary schools not be counter-productive if there are no male teachers in schools?

Philip Davies: As ever, my hon. Friend makes a valid and telling point. As he knows, I do not agree with the idea of giving people jobs based on their gender. I want the best people to be recruited to the teaching profession irrespective of whether they are male or female—as should be the case in any other profession. It is certainly of interest that although the Government are obsessed with having equal numbers of men and women in every single profession, they are not bothered that there are far more women primary school teachers.

Mrs. Miller: My hon. Friend mentioned the importance people in Holland put on having mum and dad at home for dinner time and he said that was a vital part of building a stable family life. Does he share my concern about recent comments made by the noble Lord Mandelson in the other place that the Government are considering walking away from their commitments to flexible working? That is the sort of policy that would help families achieve the balance that my hon. Friend is talking about.

Philip Davies: I understand my hon. Friend's enthusiasm and if it were just a matter of sex education, I would have much sympathy with her point. However, I am conscious that many businesses are struggling in the current economic climate. I am not a big fan of adding huge amounts of red tape to a business's bottom line when it is struggling. It is understandable that businesses

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might want to shy away from such measures at the moment, but I accept the point that if we were simply looking at sex education, flexible working would certainly help.

The article in *The Times* goes on to make the telling point:

> "The Dutch Government still penalises single mothers under 18, who are expected to live with their parents if they become pregnant. Until six years ago the Government gave them no financial support."

Perhaps people should reflect on whether the operation of the benefit system in Holland is a more important factor than providing lots of sex education in explaining why there is a low rate of teenage pregnancy in that country.

A lady called Mena Laura Meyer, who produced the seven-part documentary series "Sexy" for Dutch TV last year, says that sex education is the least relevant aspect of the country's success in having lower levels of teenage pregnancy than other European countries. The article in *The Times* ends:

> "Maybe, instead of expecting schools to teach children morality and the missionary position, the British should adopt a few other Dutch lessons. Employers could encourage staff to go home at 5pm for a family supper,"

which was something my hon. Friend the Member for Basingstoke (Mrs. Miller) mentioned. The article continues,

> "parents could discuss contraception with their children, and the BBC could ask David Attenborough to turn his attention to human reproduction."

Although I am not entirely comfortable with all those suggestions, they are probably all better than having a never-ending supply of sex education in our schools.

It would not be so bad if standards in our schools were so high that teachers had nothing but sex education to worry about. However, I am afraid that anything but that is true. The Government should be ashamed of the literacy and numeracy rates for school leavers. Some 2,500 pupils failed to achieve functional adequacy in English, and just under 3,500 failed to achieve functional literacy and numeracy. Surely, the Government should concentrate on ensuring that people can read and write when they leave school, rather than taking every opportunity to fill their heads with sex education, which is clearly making no difference whatever. As one parent said:

> "We entrust our teachers to provide our children with a sound education in traditional subjects, not instruct them on explicit sexual matters, which they can neither cope with physically nor emotionally. With failing standards in reading and writing upon leaving primary school, the Government should concentrate on using valuable lesson time on improving the literacy skills of our children."

That is a very good point.

Mark Williams: I have a bit of experience in this matter. Is the hon. Gentleman really suggesting that over a school year, five or six one-hour sessions in which a school nurse delivers broad-based sex and relationship education will undermine the teaching of other curriculum subjects? He has used words to the effect that the curriculum is full of sex education. The assumption that it is being taught every week or every day simply is not correct. It is taught in a cross-curricular manner, through the existing science curriculum and through personal studies and relationships and sex education. Huge amounts of the school day or week are not being spent on sex education.

Philip Davies: Given the hon. Gentleman's experience and knowledge of the subject, I am sure that he will acknowledge that it is not the only extra-curricular activity that schools are being invited to do. They are invited to teach children about healthy eating. They are told that they have to teach children about community cohesion. The Government are placing all sorts of burdens on schools that take them away from their core job of teaching children the subjects parents want them to learn about when they are at school. Schools should not be teaching kids about things that parents are more than capable of teaching them. If we want parents to take responsibility for bringing up their children, we have to give them that responsibility. They will never take it on while the state takes it away from them.

Kerry McCarthy: I perhaps should have asked this question at the beginning of the hon. Gentleman's speech. I am not clear exactly what he means by the term "sex education". Does that cover other aspects of relationships as well? I think the stance he is taking is that it should be parents who give all sorts of moral guidance to their children. In that case, does he think that schools should not be teaching them about such things as bullying, drugs or alcohol abuse? Is he saying that it should be only about history, geography, maths and English? Where is the border?

Philip Davies: I think that the hon. Lady is being rather disingenuous. Of course, bullying is something that takes place in schools, so it is right and proper that the school makes clear what its bullying strategy is.

Kerry McCarthy: So does sex.

Philip Davies: The hon. Lady is presumably admitting that sex education is not a great triumph if by her own admission sex is taking place at school. Presumably about five minutes after a sex education lesson is the likeliest time for it to take place. She is not providing a great advert for the success of sex education.

Voice, the education professionals' union, has said that

> "it is essential that there is parental support for the way that schools deal with these sensitive issues…Schools…are being required to take on more of the responsibilities that really belong to parents, blurring the boundaries between education and social service…Schools are expected to compensate for parental shortcomings".

That surely is no way to go.

However, the Government—despite all the evidence that sex education is not really making any difference and is not making a great deal of difference in countries that claim that it is—insist on giving more and more sex education to younger and younger children. We hear that 14-year-old girls could be taught about their right to have an abortion. That is an idea from the Family Planning Association, to which I think the Government are sympathetic. They want to make sex education compulsory. That certainly is not the case in Italy and I do not believe that it is the case even in Holland—even the Dutch have not gone so far as to make it compulsory.

The Government want more school-based clinics to administer jabs that can make girls infertile for up to three months.

Surely the message that the Government should be sending is that it is against the law to have sex under the age of 16—that should be it. We should not be saying that it is okay to have sex under the age of 16, so we will give young people all the tools that they might need to sort themselves out while they are indulging in it. Surely the Government cannot think that is a good message to give young people. What kind of leadership or strategy is that? It is totally offensive to most people.

The Minister is trying to slide compulsory sex education into our schools for children as young as five without proper consultation of parents, despite his promise in a letter to CARE—Christian Action, Research and Education—that

> "there will be a full public consultation on any substantive recommendations made by the steering group, so that the full range of views and interests are taken into account".

That consultation did not take place. Many parents felt excluded from the process.

Jim Knight: I will set this point out more clearly when I respond to the debate, but we have put in an additional consultation process by setting up an expert group. However, no changes can be made to the curriculum without full and proper consultation, and we are still some way away from that taking place.

Philip Davies: I hope that when the Minister responds to the debate, he will confirm that he will meet people and organisations that are not as enthusiastic about sex education as he is, to have a balanced consultation and to get a balanced representation of views. Rather than cherry-picking the people he wants to get responses from, he needs to meet some of the people who are concerned about more and more sex education in schools.

Let me quote the words of a few parents. One parent sent an e-mail to say:

> "I can hardly believe that anyone, let alone a Government, would plan to enforce sex education on children in Primary Schools without any consultation with parents. This to me is abuse of the position they hold and will only encourage children much younger to experiment with sex...It's time for us as parents to stand up for our children. They are being robbed of their innocence and childhood."

Another parent said:

> "I am horrified they are thinking of teaching SRE to five-year-olds without even asking parents what they think."

Another said:

> "It's ridiculous that parents aren't given the chance to have their say. I will never allow my child to be exposed to SRE at such a young age, it will do more harm than good."

One parent said that they were "seriously considering home schooling" as a result of the plans. Do the Government really want to encourage that? Another parent said:

> "It is scary that the government has failed to involve parents in this. It seems to be part of a general thrust by them to by-pass parents."

Another said:

> "I think it's absolutely preposterous that parents haven't been consulted. This takes parental powers away and we should have the final say."

I have two children: one is five years old and the other is three. I certainly do not want them to be given sex education at the age of five—perhaps in the future, when that has not worked, the Minister will want to extend it to three-year-olds. The never-ending insistence that sex education is the only way forward is completely barmy, completely senseless, completely mindless. There is no evidence at all from anywhere in the world that it will help. The problem will continue to get worse, not better, until the Government accept that it is things such as family breakdown and the benefits system, not a lack of sex education in schools, that are driving the increased levels of teenage pregnancies and sexually transmitted diseases. The present Government always go for the easy option, where they can look as though they are doing something without offending anybody. Well, if the Minister persists in insisting on more and more sex education in schools for younger and younger children, particularly at primary school, he will find that more people are offended by that than he thinks. It is time for the silent majority to make their voices known to the Minister.

3.7 pm

Mr. Graham Allen (Nottingham, North) (Lab): It is a great pleasure to serve under your chairmanship, Mr. Gale, and a great pleasure to hear the hon. Member for Shipley (Philip Davies), who is known in the House for speaking his mind and being forthright, and long may that continue. None the less, certain responses need to be made when he states a particular view—a view with which I certainly disagree. He has given the Government strong advice today, and I am reminded of Oscar Wilde's saying, "Advice is the most precious gift of all because it is often given by those who need it most themselves." In talking about the facts of life, the hon. Gentleman may need to hear one or two facts of life from what is perhaps another planet for him—my constituency of Nottingham, North.

Nottingham, North has the highest number of teenage pregnancies not only in the UK, but in the whole of western Europe. That is a very serious problem to us. In my constituency, 218 teenage girls had a baby two years ago—the latest period for which figures are available. About 60 per cent. of babies are born out of wedlock in my constituency, which is a very high number; I think that the national average is 46 or 47 per cent. So, in many senses we are looking at a different world from the nuclear family that I suspect was the example that the hon. Gentleman had in mind.

David T.C. Davies (Monmouth) (Con) *rose*—

Mr. Allen: I will give way, but I must apologise, Mr. Gale, in that I need to leave the Chamber fairly swiftly after completing my remarks. I will not extend them as I normally do by giving way too often.

David T.C. Davies: I appreciate that. I wonder, as the hon. Gentleman has mentioned it, whether he thinks it a good or bad thing that so many people in his constituency are born out of wedlock.

Mr. Allen: It is a real thing, which means that policy makers need to take account of it, whatever judgments we make of people. I do not judge any hon. Member in this Chamber for their own family arrangements and I think it is important that we ensure that where, as in this case, a majority of people are born out of wedlock, that is taken into account as we discuss policy.

What we really need is what the children of the hon. Member for Shipley have, which is social and emotional capability. They have that because he and his partner have provided love, care, attention and nurture for them, and they perhaps do not need assistance of the sort that many other children might need.

For example, if the hon. Gentleman were a single parent, or if, sadly, he passed on and left his wife in that situation, it would be a tougher call to ensure that those young people got the education they needed. I am sure he would manage it, but let us imagine for a second a young girl living on her own in one of the working class estates in my constituency, with no extended family and trying to raise a young baby. She clearly would not have the same advantages that I and the hon. Gentleman have had. There are times when assistance is needed.

That point leads me to the next part of my argument, about why sex and relationship education has a role to play.

Philip Davies: Does the hon. Gentleman accept, given what he has just said, that parents should have the right to have their children opt out of sex education in schools, if they feel that it is not right for their child?

Mr. Allen: I believe that in many places parents can do that, and schools can too. It should happen by consent. In my city, we are interested in putting together a broader package—not just sex and relationship education, and indeed not just personal, health and social education, which includes the broader relationship possibilities that are taught. We are interested in putting together for the 11 to 16-year-olds a life skills agenda, so that they can be socially and emotionally rounded people.

If someone has all the relevant social facilities—the ability to interact and converse, to resolve arguments without violence and to establish clear relationships, as well as an understanding of what it is like to have a family or a baby—that can be life-changing and life-moulding. Someone with those facilities can do well in life even without great qualifications. I think that great qualifications follow from them. If someone has the currency and vocabulary within them for such social interaction, the rest happens. Such people can create a good family and hold down a job; they will have attainments and, I hope, would go to university or college.

I know about the problems in this context from my constituency. One aspect is that we have the lowest number of people who go to university. That is not because of some innate problem with the people in my constituency. It is because often they do not get the chance to make good some of the disadvantages that they suffer, in their early years in particular.

It is important that sex and relationship education and other such education are given age-appropriately. The hon. Member for Shipley left in the air an inference that a five-year-old is taught the basics of reproduction. That is not and will not be the case. I feel that such education is very important, and I know that it must be done at an age-appropriate level. That means on occasion—perhaps in a constituency such as mine, with 218 teenagers having a baby in one year—that there is a need for them to know about abortion, contraception and the long-acting injection that can provide defence against pregnancy, and about chlamydia and sexually transmitted diseases.

If those people do not know about those things, they will, out of ignorance, make wrong life choices and there will be more little ones growing up like those the hon. Gentleman talked about. They will be in a similar position and the problem will worsen.

I agree that we should not be complacent about sex and relationship education. It has its deficiencies, but that is bad sex and relationship education. The hon. Gentleman's argument would be much stronger if he were urging better and improved sex and relationship education, which would benefit people. It is part of broader social and emotional development.

One of my criticisms of past Governments would be that they sometimes saw such education as merely a matter of the physical and reproductive, not as a question of relationships and the social interactions that are needed to develop effective people. Speaking as we are in the wake of the Baby P episode and the news of the family in Sheffield this morning, we are clearly not yet raising young people to be effective parents and to optimise their parenting ability. Heaven knows that not only do we need a short-term strategy for resolving the difficulties in particular processes and in particular cases, but that hon. Members need a strategic view on how to ensure that in generations to come we reduce the number of those one-off cases, and allow people to benefit and flourish as individuals, so that they can realise themselves as effective parents.

I agree with the hon. Gentleman on parental responsibility to this extent: there are those who cannot exercise the responsibility that he clearly does, and I hope everyone in the Chamber does, and we need to ensure that it is possible for everyone to do so. What is good enough for him and for me is good enough for the kids who are having children in my constituency. The help that they need is not just SRE and education on making good life choices.

Those young people, or young mothers—the hon. Gentleman talked about parents, and I do not mean to pick him up linguistically, but in my experience it is often more correct to talk about one parent—can benefit incredibly from having a one-to-one relationship with a health visitor who teaches them how to raise their child in a loving way, and teaches that child how to get the best out of school. That takes a little bit of money early on.

The hon. Gentleman may know that I am a disciple of early intervention. A pound spent in the early days is worth £100 spent later on. Primary SEAL—social and emotional aspects of learning—enables young people who do not get the relevant learning at home to learn the basics of how to get on in life and what to do socially to make the best of themselves.

I have one minor criticism of the Government, but I must preface it by saying that this Government, and above all the Minister, have done incredible things in the relevant area. The criticism relates to the space that schools and head teachers need to teach the subject effectively. If they teach SRE and social and emotional development effectively, they will be able to improve their scores. It is not a matter of either/or. It is not possible to crank up achievement without doing something with the raw material and helping youngsters to get better socially and emotionally so that they have the ability to learn.

I ask the Minister to think carefully about ensuring that when we introduce PHSE—I hope it will be called something that mums can understand, and I suggest life skills, not SRE, PHSE or any of the acronyms that we have to confuse people—heads know that they have the space within the curriculum to cover it effectively. That would be a fantastic contribution.

Are parents adequately trained? Are teachers adequately trained? I must agree that no, often they are not. We need to spend much more money on ensuring that teachers are comfortable in talking about sexual intercourse, contraception, abortion or relationship-building, rather than knocking out a few things on the photocopier, handing them out and sending the kids home early. That is no good for anyone. Equally, parents, too, sometimes need to feel a little more relaxed so that they can talk spontaneously to their children about such matters.

The hon. Gentleman threw in several ideas that would complement what the Government are doing. It is not a matter of either/or. By all means, let us see whether we can get David Attenborough to do a documentary. I do not have a problem with that. Perhaps the Minister can take that idea away and ask Sir David to do a video. We are doing a great video with single mums in Nottingham, funded by One Nottingham, the organisation that I chair. We are going to do one for absent fathers too.

Why should not absent fathers know that there is a consequence, and a benefit consequence, to their actions? Perhaps we have gone in the wrong direction in the past six months in letting people off the hook. That word of mouth has gone and young people—young boys, certainly—have been allowed to think that there is a free hit here. If they think there is no free hit, there is more likely to be the self-discipline, even after a few drinks, that most people manage to achieve.

I am outstaying my welcome, Mr. Gale, so I shall finish on this note: the choice put in hon. Members' minds by the hon. Gentleman—he made his case honestly and forthrightly, and should be respected for doing so—is between education and ignorance. From my standpoint, I believe that the more people know and the more they understand, the more they will make the right life decisions. The less they know and the less they understand, the more likely it is that my statistic of 218 teenage mums in a year will go up rather than down.

I hope that the hon. Gentleman does not lose his edge, but I hope, too, that he understands why, in this instance, some of us strongly disagree with him.

3.21 pm

David T.C. Davies (Monmouth) (Con): I am grateful to have the opportunity to follow two interesting speakers. The first was my hon. Friend the Member for Shipley (Philip Davies), who bravely raised an important issue. The second was the hon. Member for Nottingham, North (Mr. Allen), who may have put his finger on the core of the problem. However, I shall try to put it in a slightly more tactful way than the hon. Gentleman.

There certainly is a problem in our society at the moment, with young women's pregnancies being caused by young males—as we heard, not always once but sometimes on multiple occasions. The children are effectively being brought up by the state. Those who are parents can imagine how difficult it must be for young, inexperienced teenagers to bring up children on a deprived council estate.

I always try to avoid using the term "single mother" or phrases such as "out of wedlock". They are rather emotive, and I assume that all hon. Members would agree that it is completely unfair to stigmatise someone who happens to be a single mother. There are all sorts of reasons for women ending up as single mothers. Indeed, most single mothers do an extremely good job in bringing up their children. We are not talking today about single mothers; we are talking about a particular problem that is confined to deprived estates, where people are having more than one child.

People make mistakes. Women can become pregnant because of one-off mistakes. We should not be too judgmental about that, either, as I suspect that many in this room will have been in the position of waiting for a phone call to find out if they were about to become parents rather sooner than expected. That is life. That is reality. However, some young people living in deprived areas think that it is perfectly reasonable, acceptable or even normal to have one child after another, often by different fathers. That is unacceptable, and society needs to be able to say something about it—and not only to those young women but very much to the young men. That is the sort of problem that we are trying to address today.

The question is whether more sex education in schools is the answer. It is obvious from the trade in statistics that we heard that more sex education is not the answer. There is no statistical evidence to suggest it. The hon. Member for Bristol, East (Kerry McCarthy) asked what the link was between less sex education and lower pregnancy rates. That question needs to be directed at the Government. They will not be able to show a link. The hon. Member for Nottingham, North spoke of the increase in under-age pregnancies and babies being born out of wedlock in his constituency, but the reality is that there is far more sex education now in his constituency than there was 20 years ago, so the answer is not more sex education.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I am sorry to have missed the start of the debate, although I watched the hon. Member for Shipley (Philip Davies) on the annunciator screen, and I congratulate him on securing this debate.

Is the hon. Member for Monmouth (David T.C. Davies) saying that the answer to the problem of unwanted teenage pregnancies and sexually transmitted diseases is more ignorance? That is the opposite of what is being proposed, with more information being given through sex and relationships education.

David T.C. Davies: No, the answers to dealing with more teenage pregnancies and sexually transmitted disease were eloquently put by my hon. Friend the Member for Shipley. We need to look at the benefits system, the over-sexualisation of society and changing the culture in which we live, and not simply employing more sex education workers to do what they presumably have not been doing very well for the past 20 years.

Philip Davies: The hon. Member for Oxford, West and Abingdon (Dr. Harris) made the same point as the hon. Member for Nottingham, North (Mr. Allen)—that it is either more education or more ignorance. That would make sense if we were starting from the year dot and trying to decide whether or not to introduce sex education. However, we have had sex education for 20 or 30 years and the problem has got worse, which indicates that what the hon. Member for Oxford, West and Abingdon proposes—more sex education or more ignorance—is not the real choice.

David T.C. Davies: I agree with my hon. Friend. As far as we can tell, there is no link between sex education and a reduction in teenage pregnancies, abortion or under-age sex—unless the hon. Gentleman can enlighten me further.

Dr. Harris: I think that there is evidence, and I am sure that we will hear of it in some of the summating speeches. More information and age-appropriate language early on—before the giggle factor prevents us transmitting that information—equips young people to resist peer pressure to have sex. We live in the society that we live in, and I regret some of its factors as much as the hon. Gentleman. However, given where we are, surely we must equip young people with knowledge and self-confidence; more ignorance is not the way forward, given the society and the media that we have today.

David T.C. Davies: I would be interested to go down that route, talking about Liberal Democrat policies and the sort of culture that we live in and how it may or may not benefit us. However, Mr. Gale, I suspect that you would stop me.

I am not against having some form of sex education in secondary schools, although I might differ slightly from my hon. Friend the Member for Shipley on that question. My big concern is sex education in primary schools. As a father of three children under the age of 10, I think it completely inappropriate that primary schools should be expected to provide it.

It is a cliché, but I believe that schools should concentrate on reading, writing and arithmetic. The statistics given by my hon. Friend are indisputable. One in five people leaving school at the age of 16 is unable to read and write properly. A report in 2005 suggested that one in three children at the age of 11 was unable to state what a paragraph was, or put commas in the right place. That suggests to me that schools are not doing properly the job that we expect of them. I went to a state primary school in my constituency, and I was able to read by the age of six. The schools in my constituency attended by my children are good, but the schools in many areas are failing. We are now expecting them to undertake sex education as well.

It comes down to the fundamental question, what are the roles of the school and of the parent? I believe that the school's role is to impart basic educational knowledge to children. It is the parents' role to decide what young children should be taught about sex, and what their young children should be taught about the facts of life. It is not only the role of the parents; it is their right. That is why I commend my hon. Friend the Member for Shipley for raising the subject today.

3.28 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I congratulate the hon. Member for Shipley (Philip Davies) on securing this debate. However, I do not like the title, which is not a good starting point. I believe that we should never talk about sex and relationships, but always about sex and relationship education. The two must go together.

At times during the hon. Gentleman's speech, I felt that I was living in a parallel universe, but I agree with some aspects of what he said. I am passionate about supporting the family, whatever shape or size it is. Family stability and loving relationships within the family are so important, and I certainly value the aspect of a family sitting around the table and dining together. On that point, the hon. Gentleman and I do not differ.

I, too, refer to some of the stark facts. I start with teenage pregnancy rates. The United Kingdom has the highest teenage birth and abortion rates in Europe. Rates of teenage births here are six times those in the Netherlands, nearly three times those in France and more than twice those in Germany. I have said before that the Government are to be congratulated on having a teenage pregnancy strategy, which seeks to tackle the causes and the consequences of teenage pregnancy. Teenage conception rates have fallen to their lowest level for 20 years, but we have a long way to go.

Until last month, the Government had resisted a commitment to make personal, social and health education, including sex and relationship education, a compulsory part of the national curriculum. I have raised this cause at every possible opportunity since being elected. Education must be a vital part of the teenage pregnancy strategy, and I welcome the Government's conversion, at long last.

I was extremely distressed when the latest abortion figures were published. In Britain, the number of abortions performed on under-16s rose by 10 per cent. last year to 4,376. For under-14s, there has been a 21 per cent. increase, and half of all pregnancies in under-18s end in abortion. I am not an anti-abortionist, but having an abortion at such a young age cannot be a good start to life. We need more information on sexually transmitted infections. We cannot allow young people to remain in ignorance. Every statistic on most sexually transmitted infections shows that we have the highest diagnosis rate among women aged 16 to 19. Indeed, 12 per cent. of women in that age group are infected with chlamydia.

Today's question is: cause and effect—which way around? Obviously I do not support the argument that sex education has led to the current situation. We have not had adequate sex and relationship education in this country, but of course other factors are at play. However, the key is quality sex and relationship education by trained teachers who wish to do it. We also need to involve other professionals and young people.

To counter the points made by the hon. Member for Shipley, we need look no further than the United Kingdom Youth Parliament survey, which throws light on the causal relationship. Twenty two thousand teenagers were surveyed, more than 70 per cent. of whom rated the teaching of sex education in school as poor, very poor or merely average, while only a quarter said that it was good. Furthermore, nearly half said that they had never been taught about the effects of teenage pregnancy and would not know where to find their local sexual health clinic. The survey also revealed that 55 per cent. of all 12 to 15-year-olds, and 57 per cent. of girls between 16 and 17, had not been taught how to use a condom, despite a Government recommendation on that issue.

Overall, 55 per cent. of respondents said that they had been taught about teenage pregnancy, leaving just less than half who had not. Many of the young people to whom UKYP spoke while carrying out the survey felt that they knew about how having a baby could impact on their lives, but knew little about the development of a baby in the womb and about the impact that pregnancy could have on their bodies. Most alarmingly, as has already been alluded to, 61 per cent. of boys and 70 per cent. of girls over the age of 17, and 43 per cent. of all the children surveyed, reported having not received any information at school about personal relationships.

A study earlier this year by UNICEF, and further work by the National Children's Bureau and the Sex Education Forum, reinforce those points. The National Society for the Prevention of Cruelty to Children has also produced some very interesting material. A snapshot of calls to ChildLine in May 2008 showed that nearly 50 children a day call because they feel under pressure to have sex or lack basic knowledge about sexual health, relationships, pregnancy and puberty. Children as young as 12 call to talk to a counsellor because they are worried that they might be pregnant and lack the facts about safer sex, sexual relationships and peer pressure. Some girls say that they feel pressurised into having sex before they are ready.

Those callers to ChildLine, like the rest of us, live in a highly sexualised culture and are influenced by media and marketing, but they are not being equipped to deal with the pressures. Alcohol also comes into the equation. Young people sometimes use alcohol to cope and become more vulnerable as a result. Their lives are complex, and they need knowledge, advice and support to help them to avoid engaging in sexual activity that they later regret.

I declare that I am an ambassador for the NSPCC and the views that I shall put forward are not only those of the NSPCC, but very strongly mine. Children need to learn from an early age about appropriate behaviour and how to stay safe in relationships. PSHE needs to receive dedicated teaching time to enable teachers to use different strategies to help children and young people to develop the necessary skills. That should help young people to build their self-esteem and make informed choices in later life. Children and young people should be given the opportunity to gain some understanding about abuses of power and inappropriate and dangerous relationships, and learn what support is available. They need to understand why it is not appropriate to tolerate abuses of power within a relationship, and should be given clear examples of such behaviour, such as child abuse, rape and domestic abuse.

I believe passionately that sex and relationship education should begin at five. Much has been made in the press about sex education for five-year-olds—"condoms for five-year-olds!"—but I shall explain why I believe that it should start at age five. During deliberations on the Sexual Offences Act 2003 and the police parliamentary scheme, in which I participated—I spent time with the Metropolitan police's child protection unit—I learned a great deal about things that I did not know even happened. For example, a child living in an abnormal family does not know that they are living in abnormal circumstances, because they do not have a yardstick by which to measure normality. I came across an example of a child brought up in a household where pornographic material was being made and assembled. That child went out into the street and engaged in a sexual activity with a dog. I rest my case! We need appropriate education at five describing what normal touching is and what normal relationships are.

As education progresses we must emphasise qualities within relationships, such as self-esteem, self-respect, respect for others, honesty, choice and so on. We must give young people the ability to make their own choices and have the confidence to say "no". I have some more examples: one 16-year-old boy told ChildLine that he had had unprotected sex with a girl for a dare and was now concerned that he might have caught a disease. A 14-year-old girl said that her boyfriend wanted to have sex with her, but that she did not know how to do it. Another young girl rang to say that she was worried that she was pregnant after she did not dare to say "no" to sex with her boyfriend in case he dumped her.

We must not underestimate the importance of those points. Members will gather that I have been passionate about this issue for a long time. However, the answer is not just sex and relationship education, but in the whole PSHE programme. A range of health issues must be taught relative to age, maturity and understanding, including emotional and health well-being, diet and exercise, alcohol, tobacco, drugs, careers and safety. Sex and relationship education is just one part of that—but never should it be just sex education, without the "relationship".

Working with parents is vital. I would not imagine such education being introduced without full parental consultation. Schools should run individual schemes. Work force training is also vital, because no teacher should have to teach a subject on which they are not confident. Furthermore, we must make full use of professionals and young people. I commend the Government on setting up the committee. It delays the introduction of that sort of education, but this time they are right, because it will ensure that the content and any exemptions are firmly discussed.

3.39 pm

Mrs. Maria Miller (Basingstoke) (Con): It is a pleasure to serve under your chairmanship, Mr. Gale, on this important debate. I congratulate my hon. Friend the Member for Shipley (Philip Davies) on securing it. He always speaks powerfully on behalf of his constituents and is always willing to put his point of view, for which we should applaud him.

My hon. Friend correctly identifies the worsening problems that we face in this country, and the fact that many parents want a close involvement in this part of their children's upbringing. He referred in some detail to examples from Italy and Holland. He rightly pointed out that family structure and stable family environments can do much to help children have a better start in life and to help them make good decisions about the way in which their lives will develop and progress.

It is a shame that the Government have not paid more attention to how we can support stable family environments. There are too many policies, such as the

[Mrs. Maria Miller]

couple penalty, which deter couples from coming together and staying together and providing the sort of stable environment about which my hon. Friend talks. I think that he makes some very important and powerful points.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) talked compellingly about the deterioration in some areas. In particular, she mentioned the 69 per cent. increase in sexually transmitted infections over the past decade. We have the highest level of teenage pregnancies in western Europe, and the number of teenage abortions has increased by 15 per cent. in the past five years. Those statistics should concern us all, and I echo the views eloquently expressed by my hon. Friend the Member for Monmouth (David T.C. Davies) in his contribution.

The pivotal point of the debate is whether or not sex education works. Speaking from the Conservative Front Bench, I say that it should work. At the moment, however, there is plenty of room for improvement. For more than six years, Ofsted has been calling for sex and relationship education to be taught by teachers who know how to deliver the subject and, more appropriately, by specialists who have the sort of experience to make a difference in this area.

I know that the Minister understands the importance of the matter, and has been dissatisfied with the progress that has been made in this area. I will be interested to hear what he has to say today because he has done a great deal of work to improve an unacceptable situation. None the less, I should like him to pick up on a couple of points. I am concerned that too much emphasis has been placed on making sex and relationship education a statutory subject. It is seen as a panacea for the way in which we will improve the current situation. As my hon. Friend the Member for Shipley says, sex education is not something that will be dealt with in the same way in every school, community and family. Simply by saying that the subject will be compulsory will not make it more effective. It is a sticking plaster and something that grabs a headline rather than providing a solution.

Two or three years ago, Ofsted said that making something statutory—this was in the context of sex and relationship education—does not ensure that it is effective. That is correct. While the Minister considers a number of other measures to improve the effectiveness of sex and relationship education, I urge him not to see making it statutory as some sort of panacea that will solve all ills, because he will be disappointed.

I was quite disappointed that the recent report from the Government seemed to side step the role of parents. As my hon. Friend the Member for Shipley said, parents want to have an important role in this part of their children's lives. For many parents, it can be a difficult issue to talk about. Others, however, want to ensure that they have control over the way in which sex and relationships are talked about, particularly to young children. Like my hon. Friend, I have a six-year-old and I know that I want to talk to him about the matter in a way that is proper and right.

Philip Davies: My hon. Friend will note that the Liberal Democrats, who did not want to indulge in a debate on the subject, showed that they were neither liberal nor democratic because they support making the subject compulsory. Can my hon. Friend tell me why the hon. Member for Mid-Dorset and North Poole and the Minister know so much more than their constituents or I about how to bring up children and how to tell them about such things? Surely, parents should be the ones to decide what is right for their children, and not Ministers or Liberal Democrat spokesmen.

Mrs. Miller: I share my hon. Friend's concern that parents may feel that they are being marginalised in the process. At the moment, we are fortunate that very few parents withdraw their children from sex and relationship education—I think that it is less than 1 per cent. The Government must understand how that might change if sex and relationship education were made statutory. I know from talking to various organisations that in cases in which the issues are a little sensitive—either for cultural or any other reasons—ways are found to ensure that children have the information that they may require. If the subject is made statutory, will that flexibility still be there? I will be interested to hear what the Minister has to say about that. The last thing that he wants to do is to push more parents than currently is the case towards excluding their children from such discussions.

It is important that we understand the concerns of the teaching profession when it comes to sex and relationship education. Too many feel that there is inappropriate, or insufficient, training to be able to undertake the roles that they are all too often given in school. I urge the Minister to consider the work done by organisations such as Relate in developing good, solid, very professionally developed course work that can be delivered in a way that will help children to understand such important issues.

I urge the Minister to reassure us about the role of parents within this process, and pick up on some of the points that my hon. Friend the Member for Shipley has made. Will he also talk about the importance of age-appropriateness? I probably share the concerns of the hon. Member for Mid-Dorset and North Poole that some of the media coverage on the matter has been less than helpful. Perhaps the Minister should shoulder some of the blame for that. It is important that the media is on our side and working with us. A great variety of briefings went out to various newspapers at the time of the Government statement, and there was a great broadness of interpretation as to what would happen. I know that the Rose review will consider the content of sex and relationship education. I hope that the Minister can reassure us that that will not include primary school-age children being exposed to inappropriate sexual material, because that is very important.

I should like to pick up on the importance of relationships in sex education. In her intervention, the hon. Member for Bristol, East (Kerry McCarthy) mentioned the Youth Parliament. It is important to ensure that sex education is delivered in the context of relationship education. That is something that has been lacking and has been picked up in the Youth Parliament's work. It is important that we have a good structure for young people in this country to learn about appropriate behaviour.

In the past couple of weeks, the headlines have been talking about the increasing problems of inappropriate behaviour. There has been a worrying increase in the numbers of children who witness domestic violence, and who are abused and neglected. There is a powerful argument for parenting skills to be included in the sort of relationship education that we are talking about. That argument was put powerfully to me by a group of students who were studying children's care in education at Basingstoke college of technology. I ask the Minister to consider in detail the proposals that they have put forward.

Time is running out, so I should like to end by applauding the contribution of the hon. Member for Nottingham, North (Mr. Allen). He had to leave to be in a meeting elsewhere. As always, he made a very powerful case for the importance of earlier intervention in such cases.

In closing, I should like to say that my hon. Friend the Member for Shipley is right to question whether we are being effective in what we are doing here. He is right to make us debate and consider in detail some of these issues. I urge him always to challenge us and to bring his thoughts on such issues to the fore. It is right that all communities have a different approach. We must ensure that that flexibility continues and that the Government instil flexibility in the systems that are used for sex and relationship education.

3.49 pm

The Minister for Schools and Learners (Jim Knight): I thank the hon. Member for Shipley (Philip Davies) for securing this debate. He made an interesting and provocative speech. He seemed to spend the first half arguing that higher rates of teenage pregnancy and sexually transmitted infections in this country were due to sex education and the second half arguing that low rates elsewhere had nothing to do with sex education.

My hon. Friend the Member for Nottingham, North (Mr. Allen) gave a thoughtful speech based on his experience representing an area where the consequences of inadequate sex and relationship education are acute. I was particularly struck by his phrase "The more they know, the more they understand." That is the basis of our argument.

The hon. Member for Monmouth (David T.C. Davies) repeated some of the misconceptions about the quality of schooling in this country. Perhaps, because he does not represent an English constituency, he is not fully aware that this year, for example, 88 per cent. of 11-year-olds achieved the national standard of level 4 in their SATs in reading. Every year, 100,000 more young people leave primary school able to read, write and add up than when his party was last in power.

The hon. Member for Mid-Dorset and North Poole (Annette Brooke) gave a passionate speech and usefully set out the detail of what the UK Youth Parliament says on the matter in its authoritative work. The hon. Member for Basingstoke (Mrs. Miller) made a welcome speech, and I appreciate her constructive approach. I will certainly consider the proposals that Basingstoke college of technology came up with. The new personal, social, health and economic education programme of study on personal well-being includes the roles and responsibilities of parents, carers and children, but at the moment, obviously, it is non-statutory.

Sex education is a serious subject that we should not shy away from, which is why I welcome this debate. It is the Government's ambition not only to build a world-class education and children's services system for our young people but to make this country the best place in the world to grow up. Sex and relationships are a crucial part of the process of growing up, and our approach to those relationships, the choices that we make and our ability to keep ourselves safe is what marks us as independent, free-thinking adults. All are fundamentals of any good education.

It is no less than part of our moral duty to teach young people how to relate one another, keep themselves safe and treat each other with respect in order to stand them in good stead for happiness and success in later life. Sex and relationship education is a vital part of that, and it is particularly important for young people growing up in the highly sexualised climate of this country in this century. Mass marketing aimed at children, a celebrity and image-conscious culture, T-shirts for girls as young as six reading "So many boys, so little time", magazines, soaps and music videos create an increasingly sexualised climate in which young people are regularly confronted with sex in some form.

It is vital that we get the other side of the story across—information about sex and relationships, advice on how young people can keep themselves safe and straight answers to their questions—so that they are well equipped to cultivate meaningful relationships and make safe choices. In the classic comedy series, Blackadder proudly declares himself to be

> "a fully rounded human being with a degree from the university of life, a diploma from the school of hard knocks and three gold stars from the kindergarten of getting the shit kicked out of me".

Our children's social and emotional development cannot be as haphazard as that. By the time they get to the university of life, it is too late. It is particularly important during those years when young people are tempted to experiment with alcohol, drugs, cigarettes and other things, and when they are operating within different social situations and the parameters of peer pressure. Our education system must not shy away from the task of preparing young people for life as fully rounded human beings.

That is why, following the sex and relationship education review that I chaired and whose report was published last month, we took the decision to make PSHE statutory in order to ensure that every child benefits from high-quality education on those issues and to establish greater consistency across the country, so that those not receiving good advice at home get it at school.

Philip Davies: What gives the Minister the right to know better how to bring up my child than I do as that child's parent? Why does he insist on making it compulsory? Why can he not allow parents to decide for themselves what is in their own children's best interests?

Jim Knight: As I will go on to say, parents certainly need to be actively engaged with schools in how it is delivered, but we need greater consistency because some are not getting good enough advice at home.

We need consistency to help us to make inroads in three major areas. First, we will be able to provide better-quality and more consistent advice, something that young people themselves tell us that they want. We heard from the UK Youth Parliament report that 40 per cent. of the 20,000 young people who responded on sex and relationship education rated the information that they received as poor or very poor. That is not good

[Jim Knight]

enough. By requiring schools to provide high-quality PSHE, we can raise standards across the board and increase the priority that it receives in schools.

Secondly, high-quality PSHE education will help us make major inroads into tackling some of the wider social issues that we face, such as rising rates of sexually transmitted diseases, obesity, aggression, violence and teenage pregnancy, the rate of which, although falling, is still high compared to other European countries. Thirdly, and perhaps most importantly, we want sex and relationship education to help build a partnership between parents and their children as they approach the issues. At the moment, almost a third of teens—I say this to the hon. Member for Shipley—say that sex is not discussed openly at home. We want to help parents address the issues with their children.

David T.C. Davies: Will the Minister give way?

Dr. Evan Harris: Will the Minister give way?

Jim Knight: I really do not have time, I am afraid.

I know that some people are concerned that talking about sex might give young people ideas, but the fact is that they are having those ideas anyway. There is strong international evidence that comprehensive SRE, linked to easier access to contraception when young people become sexually active, results in lower teenage pregnancy rates. That is the strategy that we have used in this country since the teenage pregnancy strategy was introduced, with good results. Our teenage pregnancy rates are at their lowest for 20 years.

I quote an academic study by Douglas Kirby last year on positive outcomes from comprehensive SRE:

> "Virtually all of the comprehensive programs also had a positive impact on one or more factors affecting behaviour. In particular, they improved factors such as knowledge about risks and consequences of pregnancy and STD; values and attitudes about having sex and using condoms or contraception; perception of peer norms about sex and contraception; confidence"

crucially—

> "in the ability to say 'no' to unwanted sex, to insist on using condoms or contraception or to actually use condoms or contraception; intention to avoid sex or use contraception; and communication with parents or other adults about these topics."

That is the international evidence. In contrast, there is no evidence that abstinence-only education is effective. A recent study examining the role of abstinence and contraceptive use in the decline in US teenage pregnancy rates found that 86 per cent. of the decline was due to improved use of contraception. It is also the case that children whose parents talk to them honestly about sex and relationships are less likely to have sex before 16 and more likely to use contraception when they do.

It is clearly better for our young people to get their information from parents and professionals than from their friend's ill-informed brother or the hushed rumours of the locker room. It is clearly better to rely on facts in the classroom rather than myths in the playground. Given that young people spend only 15 per cent. of their time in school, parents are clearly our most valuable partners in educating young people. PSHE needs to be a partnership between parents and schools. We want parents to have greater input and to influence the content of schools' SRE programmes.

However, it is also important to view SRE in its proper context. Our announcement was not that sex education only would be made statutory; it included personal, social, health and economic education. There has been much comment in the media and elsewhere that we are focusing on sex education for five-year-olds. That is not accurate, and it misses the point. We have always been clear that any teaching in that area must be age-appropriate. The focus in primary school is on giving children the skills that they need to develop and sustain positive relationships. Those skills will be taught in the context of relationships with family and friends, and they are the same skills that will help them to develop positive, mutually respectful sexual relationships in later life.

There is plenty more that I would love to say about what we want to do to improve the quality of delivery, staff training and so on, but time escapes me. In conclusion, as we continue to build a world-class education system, we must also create an environment in which young people feel able to discuss issues important to them, understand the risks that they face as they make the transition to adulthood and have the confidence and knowledge to keep themselves healthy and safe.

Sex and relationships are a part of life. Sex education needs to be more than just a biology lesson; it must reflect the issues that young people face, enhance their social and emotional development and be relevant to the complex issues of sexuality and different types of relationships that they face in this century. If we get it right, the lessons learned at school will stay with them for the rest of their lives. Although Euclidean geometry and the dates of the English civil war may fade from memory, the knowledge of how to practise safe sex will not.

Interest Rates

4 pm

John Barrett (Edinburgh, West) (LD): I am glad to have triggered this debate today, because in recent months we have witnessed financial turmoil both at home and abroad. Currently we are in a recession, with the outlook for 2009 and beyond being as uncertain as at any time since the last world war, which happened long before I was born.

I requested this debate today because I believe that its full title—the effect of interest rates on mortgage holders—covers much of what has been at the core of our economy for many years. What has been the aspiration of the majority of householders in the UK? It has been to become home owners. At the heart of the property-owning dream is the need for a system of finance that makes that dream a reality. In most cases, that means having access to a mortgage. Although having a mortgage and owning property is right for some, it is not right for all and for some people renting is the correct option.

The Chancellor's statement on Monday was designed to stimulate the economy and to turn around our economic fortunes. However, I would like to put it on the record today that I have no faith in that prescription to cure a country that has a sick economy. Cutting VAT to help people to buy imported products will not solve the problem. Investing in a new deal with public works programmes, including the construction of hospitals and schools and house building to help those in the construction industry who have been laid off might help. I accept that that was part of the Chancellor's programme. Investing in the infrastructure of the country, with the construction of a high-speed rail link, would not only produce jobs and boost the economy but would be good for the environment, by cutting down on polluting short-haul flights. However, before I digress on to a wider subject, I will return to the subject of today's debate.

In the last 25 years, much has changed. Interest rates have gone up and down, and house prices have generally only gone up, with a few exceptions. Conventional wisdom would have indicated that low interest rates would be good for mortgage owners and high interest rates would be bad. As I go into more detail in this speech, it will become clear that that is not necessarily the case.

Today we have falling interest rates, which are at an all-time low. The Bank of England base rate has fallen this month by 1.5 per cent. to 3 per cent, which is the lowest rate in living memory. Mortgage rates are also low. Why then has the housing market frozen, with sales and mortgages granted also falling to an all-time low, house builders being made redundant and even estate agents and lawyers involved in conveyancing going on to short time or losing their jobs?

Like many property owners with a mortgage, I believe that paying rent produces little or nothing at the end of the day. Although my mortgage produces the home over my head for myself and my family, it also produces something else, which is an asset to leave to the next generation. I have watched the value of the houses that I have owned in Edinburgh grow steadily in recent years and the mortgage rates that I have had were more than double their current level. While there was relative job security and a steady if not spectacular rise in property values, that situation was okay. The construction industry and building societies worked together effectively to produce a solid system of sensible lending, which produced stability at a reasonable price.

As well as the interest rates on mortgages themselves, other interest rates have a real effect on mortgage holders. The interest rates charged by credit card companies, or by banks for personal and business loans—

Mr. Jim Devine (Livingston) (Lab): I am grateful to the hon. Gentleman for giving way. He was one of the supporters of my recent ten-minute Bill in the House, which aimed to limit the charges on credit cards. Does he still agree with that proposal?

John Barrett: The hon. Gentleman is one step ahead of me today, as I was about to congratulate him later in my speech for that Bill. No doubt he will agree with what I am about to say in this debate.

There is a credit card summit today, at which some of the issues that I have mentioned may well be addressed. Almost everything that is charged on anything that is bought can result in high, sometimes outrageous, rates of interest being charged. That can result in real hardship, misery or even worse situations for those who are paying those interest rates.

My own constituency is in Edinburgh, which is well known as a centre for banking and finance. In my constituency, I have the global headquarters of the Royal Bank of Scotland and there are many other people in my constituency who work for the Halifax Bank of Scotland and other employers in the financial sector. Much has been said about the problems facing the banking sector, from big City bonuses to the Government investing billions in banks to keep them afloat. I would like to be able to say that the banks have been prudent, have lent wisely and have been victims of the actions of others. Sadly, however, that has not always been the case.

I can give the example of a constituent who visited me at my advice surgery. He detailed how he was in debt, having lost his job, and he could not manage his debt repayments. He could not manage the debt that he had, yet he was lent a further £2,000 by HBOS at what appeared to be a reasonable 19 per cent. interest rate over three years. However, after other charges and insurances were added on, he was charged 75 per cent. interest on top of his original loan to clear his debt. He could not afford that and he should not have been given more money when he could not live within his existing means. What he needed was good financial advice, not a loan. However, I agree that it takes two. Borrowers should read the small print and, at times, just say "no" and do without the purchase.

A more extreme example of an individual facing higher charges that I discovered was that of Sharlene Britton. When she became the proud owner of a second-hand car, little did she realise that the total cost had more than tripled from the £7,000 for the car to £21,500 minutes before she drove it away. Sharlene had signed a credit agreement that included a loan with a massive 42.5 per cent. interest rate and payment protection insurance that cost more than the vehicle itself. It was those add-ons, coupled with the 42.5 per cent interest rate, that pushed the cost of her financial package

[John Barrett]

sky-high. On top of the £7,080 sale price of the car, she agreed to pay £3,228 in payment protection insurance. However, because the cost of the premiums was added to the loan, which made it subject to the 42.5 per cent. interest charge, the figure swelled to £8,957. She then had to pay interest on the original price of the car, plus related charges, which pushed the total balance that she was expected to pay from £7,000 to £21,540.

Although that sounds bad enough, there are much worse cases. One of the most extreme examples that has been quoted in the press involved interest rates that worked out in excess of 2.6 million per cent. An example that I can give is that of a woman in York who took out a loan one week for £320 with the firm Early Pay Day Loans, which attracted 80 per cent. interest over seven days. When the cost of the credit was calculated over a 12-month period, the annual percentage rate of the loan worked out to be 2,639,385.9 per cent. Early Pay Day Loans was contacted and it insisted that its charges are "competitive".

From the basic 6 per cent. of a mortgage to 2 million per cent. interest, which I know is hard to believe, there is everything in between. The reason for giving these examples is to highlight the link between what we have at one end of the spectrum, which is a bank base rate at 3 per cent. and falling, while at the other end we have sky-high interest rates, which can undermine individuals and businesses who are doing all they can to survive.

I congratulate the hon. Member for Livingston (Mr. Devine), who has introduced a private Member's Bill for a maximum limit to interest rates. As a co-sponsor of that Bill, I wish him well.

Much of the personal wealth of the country is tied up in property. Millions of people are mortgage holders and pay interest, not only on their mortgage but on other loans. Properties are often used as the security for old age of those who have worked and paid for them during their working years. A property is often the single largest financial investment that most people will ever make and it should be secure. It is true that having money does not make people happy, but not having any money is guaranteed to make life much more miserable.

It is absolutely vital that the stability of the property market be restored so that millions of citizens and our economy as a whole can again return to a belief in a secure future: confidence is the key. Part of that process will depend on sensible lending at reasonable interest rates. I look forward to hearing from the Minister what he thinks can be done to curb the excesses in the market of extreme interest rates. That is now more important than at any other time in recent years as we now have a combination of factors, as well as those interest rates, which are affecting mortgage holders. The combination of high utility costs and increasing food and fuel prices is a recipe for financial disaster for many but, hopefully, utility costs have peaked and will begin to fall soon.

One group who are in a particularly perilous position are those who are currently unemployed with mortgages who receive mortgage interest relief. Their plight was brought to my attention by a constituent from Carrick Knowe who visited my advice surgery recently. I would like to thank her for alerting me to the problem. She outlined the impact that a fall in the base rate from 4.5 per cent. to 3 per cent. would have on those receiving mortgage interest relief, but who were paying a fixed rate mortgage.

I am sure that hon. Members will be aware that income support mortgage interest is designed to cover the cost of mortgage interest to ensure that families who may already be reeling from a redundancy are not also faced with the prospect of losing their home. Since 5 December 2004, the standard interest rate used to calculate support for mortgage interest payments has been the Bank of England base rate plus 1.58 per cent. Prior to that, it was based on an average basket of building society interest rates. The new formula has proved to be sufficient to cover the interest on most mortgages when rates have been fairly stable. However, with interest rates cut to 3 per cent. and set to fall further, my constituent rightly pointed out that the top level of support available to her and others in her position would tumble to slightly more than 4.5 per cent., which is significantly lower than all fixed and variable-rate mortgages. Given that fixed-rate mortgages alone make up 62 per cent. of the UK mortgage market, that is a concern.

Recognising the urgency of the issue, I wrote last week to the Prime Minister and the Minister of State, Department for Work and Pensions, the right hon. Member for Harrow, East (Mr. McNulty), who has responsibility for employment and welfare reform, to highlight the shortfall. Although I have yet to receive a reply from either, it was gratifying to note in the pre-Budget statement that the Government had indeed noted the problem and taken some action. The Chancellor's statement says that for six months, the level of interest rates covered by the scheme will remain, despite the base rate fall, at slightly more than 6 per cent. Will the Minister clarify whether that is for existing claimants only, or will it apply to new applicants?

Although the measure is to be welcomed, it nevertheless prompts the question of what will happen after six months. If the Government believe that the economy will have recovered in six months' time to a point at which interest rates will once again stand at 4.5 per cent., their optimism surely knows no bounds. In reality, it is far more likely that the economy will be in as bad, if not a worse, state by then, as yesterday's OECD report pointed out. The report indicated that interest rates will stay low, and they might even be lower in six months' time. At that time, people who depend on help to pay interest on their mortgage will see the cliff edge of support that they are on crumbling away beneath their feet.

To give hon. Members an indication of the potential scale of the problem, anyone who has taken out a mortgage in the last three years would not be covered by the scheme—it would not cover the interest on their payments. To be fair, the Government have not sat idly by while the situation has deteriorated. I welcome the extension in Government help for those people struggling to pay home loan bills, and the decision to start mortgage interest relief after 13 rather than 39 weeks is excellent news. Similarly, the fact that help will be available on mortgage amounts up to £200,000 rather than £175,000 will also be welcomed by many of my constituents.

However, with unemployment shooting up—it is now at an 11-year high and predicted to rise to 3 million by 2010—that will be a bigger problem in the coming months, as more people come to depend on Government help with their mortgage payments. The Government have bought themselves six months with this week's announcement, but I look forward to hearing from the Minister what plans they have to change the formula by which help is calculated, to ensure that the benefit more accurately reflects the help that families need. I hope that if the Minister is unable to answer those questions today, he would be good enough to write to me.

Looking to the future, we are faced with a set of circumstances such as I have never known. Base rates are low and they are predicted to fall again next year. Compared with other countries, our base rates could certainly fall further. As well as low interest rates, we have a frozen housing market, falling house prices, and the potential collapse of Northern Rock, and building societies that once gathered savings so that they could lend to house purchasers at reasonable rates are turning into banks and suffering from the same failings: reckless borrowing and irresponsible lending. Something that we thought was the prerogative of the foolish has become the accepted behaviour for the financial institutions that we have grown to trust for hundreds of years. That trust has been shattered and the outlook for many is bleak.

The current solution being put forward by the Government to the financial problems that fill the media every day is to provide a financial stimulus to the economy; to increase people's spending to kick-start the economy; and to put more money into people's pockets. I doubt whether that is actually the solution to the problem but, to give the benefit of the doubt to the Chancellor, even if it was, it could all be undermined if interest rates being paid by the public and businesses are not brought back to reasonable levels. If they are not, any increase in cash in the pockets of Joe Public will be swallowed up paying interest before he can spend it on goods and services. Unless mortgage holders believe that their property will hold its value and is worth paying for, the basis of domestic finance for millions could crumble. I look forward to hearing the Minister's comments on those issues.

4.15 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): I congratulate the hon. Member for Edinburgh, West (John Barrett) on securing the debate and welcome the support he expressed for a number of elements of the pre-Budget report. I was disappointed that he was rather sceptical about the impact of the VAT reduction, but I simply refer him to the evidence given yesterday by the Governor of the Bank of England to the Treasury Committee, which was a fair and positive assessment of the impact that the announcement will have.

The hon. Gentleman is right to focus on mortgage lending; it is always an important topic, but especially in these difficult times. The interest rates charged by lenders will obviously have an effect on the affordability of mortgages and the ability of borrowers to repay. As he indicated, the Government have taken a number of steps to address the challenges as part of our comprehensive action to support the financial system in the UK.

The hon. Gentleman will be familiar with the broader programme, which includes the recapitalisation scheme announced in early October. In addition, a number of conditions have been applied to the public funding that is being invested in preference shares in Lloyds TSB, the Royal Bank of Scotland and HBOS. The banks have signed up to specific conditions, including on mortgage lending. For example, they have signed up to maintaining in the next three years the availability and active marketing of competitively priced lending to borrowers at 2007 levels. Copies of those agreements are available in the Libraries of both Houses, and UK Financial Investments Ltd, the new organisation, will monitor implementation of the conditions for the Government. The hon. Gentleman will be aware of the special liquidity scheme and the credit guarantee scheme. The latter offers up to £250 billion-worth of guarantees for new debt issued by participating banks.

The downturn is a global event, but its effects are being felt on a local scale. Home owners are finding it significantly harder, as the hon. Gentleman said, to remortgage their homes. That is the sharp end of the credit crunch—it is not bankers but families who feel the pinch.

It is not Government policy to influence the individual interest rate decisions taken by the Monetary Policy Committee. To do so would compromise the arrangements for independence that the Government put in place in 1997, which have worked well. To attempt to influence those decisions would squander the credibility gains of the arrangements.

However, from the beginning of the current financial turmoil, central banks around the world undertook co-ordinated action to help ease global monetary conditions. In the past few weeks, major central banks, including the Bank of England, the European Central Bank and the Federal Reserve, have announced co-ordinated reductions in policy interest rates, and extended their swap agreements. On 6 November, the MPC voted to reduce the Bank's base rate by 1.5 per cent. to 3 per cent., and in recent weeks, we have seen LIBOR rates steadily falling. As a consequence, the spread between the LIBOR rate and the Bank of England's base rate has fallen to levels not seen for some time. Those are positive developments.

Mr. Devine: When I presented my ten-minute Bill I highlighted particular companies, as the hon. Member for Edinburgh, West (John Barrett) has. Provident charged an interest rate of 183 per cent, and other companies were charging 432 per cent. and 9,885 per cent. None of those companies has reduced its credit card interest rates. We are doing a superb job of protecting hard-working families, but surely a cap on loans for credit cards, loans and suchlike should be part of the package.

Mr. Timms: My hon. Friend raises an important point, which the Prime Minister commented on in Question Time earlier today. The Government have considered a cap in law on a number of occasions. The difficulty that has always arisen is whether it should be illegal for somebody to borrow £20 on Friday on condition that they will pay back £25 on Monday. Of course, one could say that a friendly arrangement such as that would not be affected, but it is a difficult matter. I have not yet had the opportunity to study my hon. Friend's proposal, which I shall happily do, but it is difficult to frame legislation so as not to catch things that one would wish to continue to be permissible. He makes an important point about some very antisocial practices—or worse—in parts of the lending market.

[Mr. Timms]

There are good reasons why the business models of banks and other lenders have changed in the past year. Lenders face inaccessible and expensive funding. They are concerned about solvency and are trying, perfectly properly, to strengthen their balance sheets. In those circumstances, it is natural that they should be conservative about products and pricing and move away from higher-risk lending. Individual decisions about offering loans and the price of those loans need to remain commercial decisions for lenders.

However, banks are at the heart of our economy and need to play their part in helping the UK through these difficult times, and the Government are absolutely determined that they will. The recent cut in the base rate of interest announced by the Bank of England Monetary Policy Committee is having a positive effect on inter-bank lending and on credit markets more generally. As credit conditions ease, we should see the banks pass savings on to their customers. My right hon. Friend the Chancellor has met chief executives of the major UK banks to make that clear, and he reiterated the importance of that today in the House. Since his meeting with the chief executives, there have been some welcome announcements by banks on that front.

It is perhaps worth making the point that lenders fund themselves from a variety of sources, some of which have already reflected much of the fall in the base rate. Others, such as deposits from savers and market borrowing, are less directly affected. Ten major British financial institutions are now offering new standard variable rate mortgages that reflect the full 1.5 per cent. drop in the base rate. For existing mortgage holders, banks often have no leeway to offer lower rates. About 50 per cent. of mortgages are fixed, so by definition those customers will not have the cut passed on to them, and about 40 per cent. are trackers, so by definition those customers will. Banks have that discretion only in the case of the 10 per cent. of mortgages that are on standard variable rates.

The Government are absolutely committed to helping people who are struggling with their mortgages, and I am grateful to the hon. Member for Edinburgh, West, for acknowledging some of the announcements that have been made this week. In 2004, we extended the scope of the Financial Services Authority's regulation to cover mortgages. That ensures that borrowers are afforded important protection and have appropriate means of redress. The FSA will continue to keep under review its regime for borrowers, including those facing repayment problems. I suspect that the hon. Gentleman would agree that recent calls from some Members for mortgage regulation to be abolished now look rather ridiculous. It is absolutely clear that introducing that regulation was the right thing to do.

On 22 October, the Government confirmed that the Master of the Rolls had approved a new protocol for mortgage possession cases, complementing existing regulation and setting out clear standards that judges can expect from lenders bringing repossession cases to the courts. On Monday, as the hon. Gentleman said, the Chancellor announced in the pre-Budget report a number of policies that will support households facing financial difficulties. We are working with lenders to ensure that the industry does everything that it can to support borrowers facing repayment difficulties, and that we can consider all options before repossessing homes as a last resort. We are establishing a lending panel, bringing together Government, regulators, lenders, trade bodies and consumer groups to monitor lending to both households and businesses.

4.25 pm

Sitting suspended for a Division in the House.

4.40 pm

On resuming—

Mr. Timms: In addition, there is a commitment for the coming year by the major mortgage lenders on the lending panel—Abbey, Barclays, Bradford & Bingley, GE Money, HBOS, Lloyds, Nationwide, Northern Rock and the Royal Bank of Scotland—not to repossess homes within three months of an owner-occupier going into arrears.

In September, we launched a mortgage rescue scheme which will help up to 6,000 borrowers facing repayment difficulties to remain in their homes, and in the pre-Budget report, my right hon. Friend the Chancellor announced an extension to mortgage rescue to cover second-charge lending. The major mortgage lenders are committed to giving their full support to mortgage rescue products, including shared equity.

The Government also provide direct support to individuals—the hon. Member for Edinburgh, West raised this point—through support for mortgage interest, which is available to those who are out of work and to pensioners. It is delivered through social security benefits. We will make the scheme more generous, as he requested, by increasing the size of mortgage for which support is payable for new working-age claimants. At present, it is £100,000. We announced that it was going up to £175,000, then this week announced that it will go up to £200,000. In addition, we will increase net support for beneficiaries of support for mortgage interest through maintaining payments at the current interest rate for the next six months for existing claimants.

The hon. Gentleman asked about new claimants who might be in a difficult position. I will drop him a line to respond specifically to that.

The Government are also determined to ensure that every household struggling with debts can access free and impartial debt advice. My right hon. Friend announced in the pre-Budget report an additional investment of £5.85 million to March 2011 for telephone advice, and £10 million to March 2010 for citizens advice bureaux to expand face-to-face debt advice capacity, and to ensure that advice and support are available for borrowers who may need it. I believe that the hon. Gentleman will welcome that, and it will be particularly important for the group of people about whom my hon. Friend the Member for Livingston (Mr. Devine) was concerned.

We recognise that tighter credit conditions are making life significantly harder for a large group of home owners across the country. What we need to be doing is not pushing lenders into operating in a risky or non-commercial way, but rather fostering appropriate long-term conditions for economic stability and growth. In the shorter term, we are targeting support on those home owners who most need help. That is the right approach, and we will continue to do everything we can to support those who get into difficulties.

Pleural Plaques (Compensation)

4.43 pm

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I thank Mr. Speaker for selecting this debate, which is very important to constituents throughout the UK. I am deeply appreciative. I am also extremely grateful that so many colleagues have turned up to listen to and, I hope, participate in the debate. They all know as well as I do the damage that has been caused to many of our constituents who are victims of pleural plaques.

I know, Mr. Gale, that it is always wrong specifically to thank people, but may I take this opportunity to mention two colleagues who have worked tirelessly on the whole question of pleural plaques? The first is my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) who, due to other parliamentary business, unfortunately is not with us today. No one has worked harder than he has. Likewise, I would like to make special mention of my right hon. Friend the Member for Leeds, West (John Battle), who has been working on asbestos-related diseases for longer than some of us have been in the House. I put on the record my appreciation for his work.

I also mention the work of the trade unions on pleural plaques, and Thompsons, the lawyers who work with the trade unions on such issues. Their assistance is greatly appreciated and welcomed.

Finally, I make special mention of the workers from the whole of the UK who came to Parliament to lobby some weeks ago, sacrificing a day's wages to do so. To me, that demonstrates the strength of feeling among victims and their families about losing compensation for pleural plaques. When people make the choice to lose a day's wages to come to the mother of democracy and express their concern, they demonstrate their commitment.

On the subject of commitment, our Prime Minister said clearly on two public occasions that I know of—at the Scottish Labour party conference and at the Scottish TUC conference—that he was working to resolve the matter of compensation for pleural plaques. I and other colleagues will certainly be holding him to that, and I have every reason to believe that he will deliver his promise.

The question is whether pleural plaques cause any symptoms. The insurers say that they do not.

Mr. Jim McGovern (Dundee, West) (Lab): I congratulate my hon. Friend on securing the debate. In his introduction, he gave thanks and endorsements to various people. He may also want to pay tribute to our late colleague, John MacDougall, the former MP for Glenrothes, who died from an asbestos-related disease.

Jim Sheridan: I thank my hon. Friend for that intervention. He is absolutely right. John MacDougall was a great champion of tackling asbestos-related disease. Unfortunately, he was a victim himself. Anyone who has seen the unfortunate circumstances of someone who is dying of mesothelioma will know that it is probably the most horrible death that they will ever see. I pay tribute to John MacDougall for the work that he did to raise awareness of asbestos-related disease.

Are there any symptoms of pleural plaques? The arguments have been well-rehearsed in many meetings. On this occasion, I praise the Minister, who has been accessible to colleagues who are concerned about the issue. She has always made herself available, and she has always been prepared to listen to the arguments. We have certainly appreciated that and hope that it continues.

Once diagnosed, people with pleural plaques experience anxiety, and some develop psychologically induced breathlessness. Anxiety levels are highest in the trades that have seen former colleagues such as John MacDougall die. Some people develop anger or feelings of helplessness as well as anxiety, and a small number develop psychiatric illnesses.

Mr. Stephen Hepburn (Jarrow) (Lab): Does my hon. Friend agree that one of the sorriest parts of the decision by the lawyers was their refusal to accept that pleural plaques can induce stress in people who have the condition? Things may be all right where lawyers live in the leafy suburbs of Berkshire, Surrey or wherever, because they never come across anyone with pleural plaques, but in places such as Tyneside or Clydeside, where my hon. Friend lives, two people die each week of mesothelioma. Workmen and former workmen go to funerals every week. If that is not stress, what is?

Jim Sheridan: My hon. Friend is absolutely right. There is not much chance of lawyers or people in the City catching an asbestos-related disease. It is highly unlikely, given the circumstances in which they work. He is right to say that it is a working-class disease, and we need a working-class Government to sort it out quickly.

My hon. Friend rightly raised another issue. I do not think that the number of victims of pleural plaques has peaked yet. There are still more cases to come, and it is important to make that point. If we do not overturn the decision by the Law Lords now, what hope is there for those who will come in the years ahead? I do not think that the problem has peaked yet.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I commend my hon. Friend on securing the debate. It is important to keep this matter alive. As he knows, I represent a part of West Lothian—Bathgate—which used to have a car plant, but now we are seeing cases, including one well-documented case about which there was a television programme, of someone who is gasping for breath and who caught the disease so long ago that we have all forgotten that there was a car plant in Bathgate. Is it not surprising that the Law Lords' judgment is that pleural plaques are not to be considered, except in exceptional circumstances? How can it be right for people to be compensated for pleural plaques in some circumstances, but not in most cases?

Jim Sheridan: My hon. Friend has been involved in many important campaigns. Likewise, he has been vociferous in the campaign on pleural plaques. He is right. The common denominator for victims of pleural plaques is that people cannot get the disease unless they come into contact with asbestos. Returning to my previous point, not many lawyers or people in the City will contract the disease, because they do not come near asbestos, unless it is found in their offices or whatever.

Mr. David Hamilton (Midlothian) (Lab): I congratulate my hon. Friend on bringing this matter to Westminster Hall. Does he agree that we have not peaked? That is common knowledge. The Minister must also address the fact that we have to change the structure in respect of where people are acquiring the disease. Changes must take place in the workplace now, because resolving the problem in payment terms is not dealing with the issue. The main issue has to be dealt with, as well as the compensation.

Jim Sheridan: My hon. Friend is right. He, too, has been actively campaigning and he is right about solving the problem. In many ways, we have solved the problem in the United Kingdom by bringing in health and safety legislation that will go some way to protect workers, but the important thing to remember is that the problem has moved on and there is clear evidence that asbestos producers are moving into third-world countries, so a problem that was started in this country is now moving there. We need to set an example and, through our Ministers, ask the producers to endorse the same safety measures in the third-world countries that they have in the UK.

John Battle (Leeds, West) (Lab): I, too, congratulate my hon. Friend on securing the debate and on keeping the campaign at the forefront of Parliament's and the Government's mind. I thank him for his kind comments earlier.

Does my hon. Friend agree that the villain of the piece now is not so much the Government or the medical profession, which is on-side, and not the lawyers or the companies, but the insurance companies? I have not yet seen an insurance company go to the wall, although I have seen a few banks go that way. The time has come to take on the insurance companies, which have tried every trick in the book, including the Law Lords' decision, to avoid their justifiable liabilities. Is it not time that our Government cut through this legal knot and delivered justice to people who have already won the case?

Jim Sheridan: My right hon. Friend is right. The insurers have used every trick in the book to try to dodge their responsibilities. Indeed, some years ago they tried to blame a Department for lodging a claim against compensation. That is perverse. It is ridiculous to try to blame the Government. The Government should be in a position to rebut that.

Mr. David Anderson (Blaydon) (Lab): I congratulate my hon. Friend on securing the debate. Is it not obvious what the insurers are up to? Last week, with the result of the so-called trigger litigation on mesothelioma cases, the leader of the Forum of Insurance Lawyers said:

> "We welcome this clarification of the law. We hope this will now unlock the flow of damages to mesothelioma victims."

If that is so, why does he think that the insurers have gone ahead with appealing the Law Lords' decision? He could have said, "We now accept it. We have been caught bang to rights. Let's pay these people with pleural plaques what they are due."

Jim Sheridan: I thank my hon. Friend for his contribution. He is right. For the insurance lawyers to take such an altruistic approach to life, as if they were offering good will and looking after the workers, is ridiculous and should be condemned at every level.

Rob Marris (Wolverhampton, South-West) (Lab): I thank my hon. Friend for giving way and I congratulate him on securing the debate. As a former trade union lawyer, I say that although the legal decision in the House of Lords may, on its facts, legally have been correct, in terms of justice we Members of Parliament must, if necessary, change the law. I urge that course on the Government. The insurance companies have had the premiums—the money—on their employers' liability insurance policies for potential pleural plaques, for which people have had compensation for years. Now they are trying to wriggle out of having to pay out the money. It is unjust, unfair and the Government should change the law.

Jim Sheridan: My hon. Friend is right. I sincerely hope that the Minister is listening to what colleagues are saying about changing and overturning the Law Lords' decision. I hope that we go some way to achieving that—if not today, then in the near future. We will certainly be looking closely at that.

We have just finished the consultation on pleural plaques, to which there were a number of submissions. It would be helpful if the Minister gave us, today or in the near future, some indication about when those findings will be made public so that we can make an informed decision and move forward somehow on dealing with pleural plaques.

I am concerned about some of the figures, particularly those suggested by the insurance companies, that show that if the Law Lords' decision is overturned it could lead to hundreds of thousands of victims claiming throughout the UK. Those figures are grossly exaggerated. Is it possible for the Minister to investigate exactly, or approximately, how many people would be affected by pleural plaques, in terms of compensation?

People are also concerned about the Scottish dimension. The Scottish Parliament has made it clear that it will overturn the Law Lords' decision. I have said it publicly before and I will say it again: best of luck. I hope the Scottish Parliament overturns the decision, because at the end of the day the victims do not care who legislates, as long as they get the compensation that they are entitled to. I say to the Scottish people and the Scottish Parliament, "Best of luck. I hope you overturn this decision." But the cynic in me suggests that they may not be able to do that and will, therefore, end up blaming someone else. I have no doubt that that someone else will be us. That seriously worries me.

Mr. Nigel Dodds (Belfast, North) (DUP): I congratulate the hon. Gentleman on securing this important debate. In Northern Ireland, the Department for which I have responsibility is currently undertaking a consultation on this issue. We have followed closely what Scotland has done and proposes to do. The matters that the hon. Gentleman and other hon. Members are raising are so important. We must make a priority of dealing with and tackling the issues facing ordinary families, who have been devastated by the consequences of this disease and other effects of asbestosis. Hopefully, we in Northern Ireland will be able to move forward on this issue at the earliest opportunity, taking account of the consultation process.

Jim Sheridan: I thank the hon. Gentleman for that contribution. I genuinely welcome his and his party's support on this issue. That underlines why we need legislation covering the four countries of the UK, rather than have people going off and doing their own thing. For me, that resonates and is important.

I am conscious of the time. We want to leave the Minister some time to respond to the major concerns that have been raised and, hopefully, she will be able to do so.

For more than 20 years the courts recognised pleural plaques as a compensatable injury; they accepted that plaques, together with the increase of developing asbestos-related malignant disease and the resulting anxiety that flowed from that diagnosis, amounted to significant harm. Actionable damage claims proceeded through that period without any difficulty. That was the position before the Law Lords' decision and, hopefully, we can get back to that. People with pleural plaques have suffered identifiable harm from exposure to asbestos and it is right that they should be compensated. I am sure that the Minister will be aware that today's turnout of hon. Members from across the UK, representing their constituents, demonstrates the interest that is shown on this matter.

There is significant evidence suggesting that pleural plaques are not the symptomless condition that the five judges thought. Indeed, it is a matter of record that their judgment was unanimous and I accept that that makes it difficult to overturn, but legislation is needed to offer hope to the victims.

I vigorously disagree with the Law Lords' decision that the companies that were named earlier and which polluted people with asbestos were not responsible for people developing pleural plaques or full-blown mesothelioma. So who was responsible? Was it the irresponsible doctors who told sufferers that they had pleural plaques, because that caused their anxiety? It is ridiculous to blame doctors for telling people that they are unwell, and I am sure that the people I represent and those my hon. Friends represent find it incredible and cannot understand it.

I was a Member of the House when farmers and their livestock were affected by the foot and mouth disease and bluetongue outbreaks. Hon. Members were up in arms and demanded compensation for the animals that were destroyed to halt the spread of disease. I do not wish to denigrate the plight of farmers whose livelihoods were threatened or even ruined, but when human beings contract a killing disease, the House does not afford them the same attention. I want the Minister to understand that pleural plaques are a working-class disease.

Mr. McGovern: Does my hon. Friend agree that most people seem to regard mesothelioma and pleural plaques as diseases emanating from shipyards and car factories, although they affect other workers? I have a friend, John Manzie, whose father was a school janitor and died of mesothelioma because he was forced to work in a school where there was asbestos. These are not diseases only of shipyard and car workers.

Jim Sheridan: My hon. Friend is absolutely right. The disease does not affect only workers from shipyards, engineering factories and other major industries; it affects families, because when people took their clothes and overalls home, their wives and daughters came into contact with asbestos. It is important not to have a narrow view, because the disease may affect people in many areas of industry.

The disease is a working class one, and the problem must be solved by a Labour Government. We are hoping that they will overturn the judges' decision. Our constituents want compensation for being exposed to damage that others were not subjected to. I would dearly love to spread some asbestos in the porridge of the Law Lords so that they understand what the disease does to people.

As well as the moral objections to the Law Lords' decision, one of the most frequently encountered problems when pursuing a disease claim is identifying defendants and their insurers. For most victims, asbestos exposure occurred more than 25 years ago, and many of the companies that employed them have gone into liquidation and are no longer in business. A considerable amount of time is spent identifying defendants and carrying out searches and inquiries to locate their insurers. That is especially true in the construction industry because companies may be short-lived and periods of employment may be extremely brief. Someone diagnosed with asbestos-related pleural plaques now has no claim, so there is no obligation on any employer or insurer to respond to any claim. There is no possibility of recovering the cost of trying to locate employers and insurers if someone who was exposed to asbestos develops a compensatable condition.

I am conscious that other hon. Members may want to make a contribution to the debate, and I would welcome that. I am extremely keen to hear what the Minister has to say about what we can do to restore people's confidence in the Labour Government and to obtain compensation. It is right to have this debate, and hon. Members are expressing the views of their constituents who are suffering, with their families, from the disease. The trade unions and lawyers are doing what they can to help victims and their families. It is now up to us, the politicians, to argue the case and, more importantly, to ensure that the Government listen. Our Prime Minister said on two occasions that he supports the campaign, and we will support him when he comes up with a solution for compensating the victims of this horrible disease who are suffering through no fault of their own.

5.6 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): I am pleased to be here under your chairmanship, Mr. Gale, and I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing this debate. The fact that he secured it and that there are so many Labour Members from throughout the United Kingdom—the north-east, the north-west, the midlands, Wales and Scotland, as well as the hon. Member for Belfast, North (Mr. Dodds), representing the Democratic Unionist party—shows its significance and the commitment that hon. Members put into representing their constituents who are suffering from mesothelioma or other asbestos-related illnesses. I congratulate my hon. Friend on the way in which he outlined the importance of the issue, not only, as my hon. Friend the Member for Dundee, West (Mr. McGovern) said, in traditional industries, but in others. I congratulate all hon. Members on their contributions today. It is significant how clearly they represent their constituents in this matter.

Mr. Don Touhig (Islwyn) (Lab/Co-op): We know that we have a friend in the Minister on this issue, but such is the anger in the country that it is looking to the House of Commons to overturn the Lords' decision, and the Government must lead on that. My constituents are outraged, and 600 of them signed a petition organised by Brian Prosser because they were so angered by the Lords' decision. I hope that the Government will make a positive response.

It is right to pay tribute to my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan). Every Wednesday, he and I meet the Prime Minister as shop stewards representing the parliamentary Labour party, and hardly a week goes by when he does not raise the matter with the Prime Minister. The message is getting across, and our message today is that we expect action from our Government.

Bridget Prentice: I am grateful to my right hon. Friend the Member for Islwyn (Mr. Touhig) for reminding me of his petition and the fact that he and my hon. Friend the Member for Paisley and Renfrewshire, North are keeping the matter at the centre of the Government's consciousness. As a result of that and campaigning by my right hon. Friend the Member for Leeds, West (John Battle) and my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) who, unfortunately, cannot be here today, we went out to consultation to see how we should best respond to the House of Lords judgment.

We asked specific and complex questions. We asked how to raise awareness of pleural plaques so that people understand the issue and we can help to allay their concerns. We invited views on whether the House of Lords' judgment should be overturned, and it is clear from every hon. Member here what their response is. I will forcefully make their view known to the Secretary of State and my ministerial colleagues. We also asked about the merit of offering no-fault financial support to people who are diagnosed with pleural plaques. We set out two possible ways of dealing with that.

The issues are complex and it is important to set out the benefits and difficulties that arise in relation to all the possible options. The fact that we had so many responses—from individuals, the trade union movement and colleagues—shows just how important the issue is to people. In the final part of the consultation, we wanted to ensure that whatever our decision, we made it with the best possible medical evidence available to us. We have therefore asked the chief medical officer and the Industrial Injuries Advisory Council to respond and tell us what they think the best way forward is.

As I said, we received a total of 224 responses to the consultation. I do not know whether my hon. Friends are aware that 125 of those were from individuals who suffer from pleural plaques. In a sense, that underlines the passion and commitment that my hon. Friends have put into their contributions. Of course, we have also received responses from the legal profession and, not surprisingly—as my right hon. Friend the Member for Leeds, West will know—we received responses from the insurance industry, as well as from employers, business organisations, trade unions and asbestos victims.

Mr. David Anderson: It is no surprise that the insurance companies responded because when the ruling was given 13 months ago, Deloitte Touche said that the insurance companies stood to make £1.4 billion if the ruling was not changed. That is one reason why we are having this debate. The issue is not about money; it is a moral case about people who are dying. In the 13 months since the matter was put on hold, lots of people will have died without receiving compensation, and that should not have happened.

Bridget Prentice: I appreciate what my hon. Friend has said and I absolutely understand where he is coming from. May I close by saying that I want to apologise—

Several hon. Members *rose*—

Bridget Prentice: I have one minute, or less, left.

Mr. Russell Brown (Dumfries and Galloway) (Lab): I re-emphasise what my right hon. Friend the Member for Islwyn (Mr. Touhig) said: the House must find an answer to the problem. I say that because I am aware that a chap who has pleural plaques and is originally from the Rochdale area has moved into my constituency. The last thing that he wants is to be caught up in a wrangle between English and Scots law, so it is important that the House determine a solution.

Bridget Prentice: I appreciate what my hon. Friend has said. We, too, are conscious of not adding that complication to the problem. I want to apologise for—

Several hon. Members *rose*—

Mr. Roger Gale (in the Chair): Order. Minister.

Bridget Prentice: I apologise for the fact that the response to the consultation is not out in November before the Queen's Speech, as we promised. However, I make a commitment to my hon. Friends that we will publish it as soon as possible. I hope that we will be able to respond in a way that they, on behalf of their constituents who suffer from asbestos-related diseases, would like to see.

Question put and agreed to.

Adjourned accordingly at thirteen minutes past Five o'clock.